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FEB
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NEWS SUMMARY

GENERAL

Defence spending to rise by £1bn

Defence spending in the coming financial year will be about £12.25bn — about £1bn more than in the current year — after allowing for the £200m cuts requested by the Treasury.

The cuts are much less than many in the supply industry had feared, and most major re-equipment programmes will continue.

Reductions are being made by disposing of older warships and aircraft earlier, deferring some aircraft and warship building, and trimming works and training programmes. Back

Solidarity move

Leaders of Solidarity, the independent Polish union, voted to keep pressing the Government for a five-day week — although chairman Lech Walesa had apparently been seeking some moderation of the all-out policy. Page 4

Dearer flights

British Airways wants to increase domestic air fares by 15 per cent on average from April 1. Back Page

£½m for opera

Paul Channon, Arts Minister, announced a £½m State grant to the English National Opera.

Heart op at 7

Richard Brightmore, aged 7, of Morley, West Yorkshire, has had a successful pacemaker operation at Killingbeck Hospital, Leeds, to relieve a heart blockage.

Stiffer hurdles

The Bacon and Meat Manufacturers' Association has urged members to test meat supplies more stringently to ensure horsemeat is not sold as beef. Page 8

Provo execution

The Provisional IRA said it had killed one of its Belfast members, Maurice Gilvarry, who, it said, had admitted passing information about operations to police.

26 deaths case

Bruce Lee, 20, of Hull, pleaded guilty at Leeds to the manslaughter of 26 people, killed by fire, and ten charges of arson.

Papers banned

South Africa's two largest black readership newspapers, the Post and the Sunday Post, will not be published again, because the Government says it will ban them if they reappear. Page 3

Too much snow

A women's World Cup slalom ski race was postponed at Crans-Montana, Switzerland, after 28 inches of snow spoiled the course.

FT man's award

Andrew Whitley, Financial Times Tehran correspondent until August, was named Granada What the Papers say Foreign Corerspondent of the Year. Page 8

Briefly . . .

New York, which has not had a heavy shower since spring, has come under drought emergency water restrictions. Page 5

Lord Amory, the Conservative Chancellor who cut 2d tax off a pint of beer in 1959, died, aged 81. Obituary, Page 10

Carlisle telephone subscribers can have four extension sockets fitted free in a £1m experiment to demonstrate advantages of flexibility.

Mohammad Ali, former world boxing champion, pulled a could-be suicide from a ninth-floor ledge of a Los Angeles building.

Copenhagen manager of Israeli air line El Al was severely attacked and his office daubed with swastikas.

BUSINESS

Sterling up 1.25c; dollar eases

● STERLING was up 1.25c to $2.4195. Its trade weighted index rose to 80.2 (80.1). Page 29

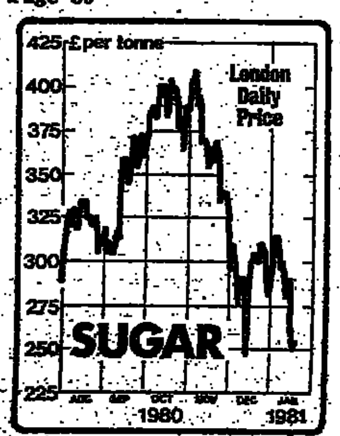
● DOLLAR eased in nervous late trading as the market waited for news of the hostages. It fell to DM 1.9990 (DM 2.0060), SwFr 1.8160 (SwFr 1.8250) and Y200.60 (Y202). Its trade-weighted index was 86.8 (86.9). Page 29

● GILTS found the prospect of a marked fall in the rate of inflation significant again. The FT Government securities index again closed at 68.53. Page 32

● EQUITIES, looking forward to a cut in MLR, closed 5 points up to 458.6 on the FT index. Page 32

● GOLD fell $3 an ounce to close at 564.5. Page 29

● WALL STREET was off 9.22 to 961.77 near the close. Page 30



● WORLD sugar values rallied yesterday ending the recent steep decline that cut prices by £50 last week. The London daily sugar price was raised by £3 to £253 a tonne. There were rumours that Tate and Lyle will be forced to close its Liverpool refinery with the loss of 1,500 jobs. Page 31

● SHEERNESS STEEL has resigned from the British Independent Steel Producers Association in protest over closer links between public and private sectors. Back Page

● FORD is cutting up to £150 off the prices of most Cortina models. Back Page

● BL plans to develop its commercial vehicle operations as distinct business units each with its own managing director. Page 6

● BRITISH AIRWAYS will earn a surplus of £4m on its Concorde operations across the North Atlantic in the current financial year. Page 6

● IVECO, the Fiat subsidiary which is Europe's second largest commercial vehicle maker cut capital investment to $150m (£61.9m) from $250m in 1980. The 1981 total will be even lower. Page 26

● ROWE RUDD, the London Stockbroking firm, is quitting the Stock Exchange. Back Page

● TRIDENT Television has reported a climb in pre-tax profits from £7.51m to £9.13m for the year to end September. Page 22; Lex, Back Page

● HERON Motor Group has suffered taxable losses of £247,000 for the six months ended September 30, 1980, compared with profits of £1.04m. Page 22

● WELLMAN Engineering Corporation has reported a pre-tax loss of £407,000 for the half-year to end September compared with a profit of £545,000. Page 22

● GEORGIA-PACIFIC Corporation, U.S. forest products group, is bidding for Inveresk Paper with an agreed cash offer worth £7.1m. Page 24 ...

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Ashley Industrial	49	+	6
Blue Circle	336	+	6
Cater Ryder	358	+	8
Davenports Brwy.	105	+	8
Distillers	184	+	5
Dowty	196	+	8
Freemans (London)	108	+	6
Green (R.)	84	+	7
Gripperrods	102	+	6
Hazlewood Foods	136	+	11
Land Securities	368	+	6
Letraset	97	+	5
MK Electric	188	+	13
McKechnie Bros.	89	+	4
Northern Foods	169	+	6
Pilkington Bros.	260	+	10
Tarmac	250	+	10
Union Discount	510	+	10
Unitech	240	+	11
Candecca	206	+	8

FALLS			
Blagden and Noakes	88	—	10
Boustead	104	—	8
Davy Crpn.	147	—	5
House of Fraser	125	—	4
Inveresk	33	—	2
Muirhead	74	—	9
Westland Aircraft	123	—	5
Geevor Tin	145	—	5
Intnl. Mining	78	—	5
Lennard Oil	40	—	6
North Kalgurli	66	—	5
Samantha	48	—	6
Western Mining	261	—	12

Freedom at last for the U.S. hostages

BY TERRY POVEY IN TEHRAN

THE 52 U.S. diplomats finally left Tehran yesterday evening after more than 14 months in captivity. At 1730 GMT the *roar of the Algerian airline's* Boeing 727 could be heard as the aircraft climbed into the clear moonlit sky, carrying its passengers to freedom.

As the aircraft carrying the hostages left Iranian airspace it was reported that its first stop would be the U.S. Air Force base at Athens and not, as earlier suggested, Ankara.

The American Ambassador to Greece had been instructed to greet the hostages at the airport, certify that all 52 on board and were in good health and report back to Washington immediately. According to earlier reports the hostages would then fly to Algiers and board different aircraft for their flight to Wiesbaden in West Germany.

The Algerian delegation which played a critical role in keeping negotiations going in the last three months left with the diplomats. After 48 hours of continuous last-minute negotiations, *Iran finally announced* yesterday afternoon that it had received the confirmation it sought from the Algerian intermediaries that its frozen assets had been transferred into the Escrow account in the Bank of England.

Whether or not Iran's negotiators had planned it that way, the departure could not have been timed more closely to the assumption of power by America's new President, Mr. Ronald Reagan.

The diplomats' flight began 10 minutes after Mr. Reagan finished his inauguration speech—a coincidence not missed by anyone waiting at the airport for the end of what is surely one of the great recent cliff-hangers.

No journalists were allowed within a kilometre of the airport buildings, but Swiss Embassy officials empowered to protect U.S. interests in Iran met the hostages just before they left.

Iran could eventually receive less than $2bn from the deal it has hammered out with the U.S. About $8bn has been paid into an escrow account held in Algeria's name at the Bank of England but from this Iran has to cover heavy commitments. Page 2.

The release of the hostages, Page 2

Iran assets: OPEC's dilemma, Page 20

The scenes in the Algerian aircraft were very emotional, all seemed very joyful to be seeing each other again. It was clear that many had not met for the last 14 months," said one of the Swiss diplomats.

As the aircraft entered Turkish airspace, Iran's negotiators led by Mr. Behzad *Nabavi went to State television* studios for their second phone-in programme in two days. It seemed to be assumed that the hostages had been released but no official statement confirming this was made by Mr. Nabavi or the other programme participants.

Many callers expressed their opposition to the release, a view shared by several revolutionary guards protecting the airport while the diplomats were boarding their aircraft.

Pars, the official Iranian news Agency, said the hostages boarded the aircraft to shouts of "Down with America—Down with Reagan" and Allahu Akbar (God is great)."

In the last few days, Iranian leaders have said many times that freedom for the hostages would not mean "that the fight against America has come to an end."

Diplomatic and trade relations would remain cut, Mr. Nabavi said at the Press conference where he announced that Iran had signed the agreement to end the crisis.

Thus, for Iran's leaders, release of the hostages is unlikely to allow any immediate rebuilding between Iran and the U.S. of the connections that were so strong during the late shah's regime.

Iran will remain important for the Western world, however, as an exporter of oil and will also provide a major market for imports particularly of food and basic goods. It will also seek supplies of arms and ammunition to enable it to go on fighting the Gulf war with Iraq.

With the release of the frozen assets from the U.S., Iran's major money problems for the coming year are likely to be eased.

Certainly, Baghdad's hopes that a combination of sanctions and restricted oil imports would force Iran to settle the war on its terms seem less likely now than at the start of the war.

With neither side so far able to inflict a decisive defeat, and with the fighting almost stalemated in recent weeks, settlement of the hostage crisis can be expected to tilt the balance in Iran's favour.

Most of the time the hostages have been in captivity, the issue has been muddied by its internal political significance. More than one political figure had his prospects blighted by charges made by the diplomats' militant student captors. Others have failed to live up to the militants' test of anti-Americanism.

Far from promoting political stability, the release will prob-

Continued on Back Page

President Reagan takes the oath of office. Chief Justice Warren Burger administers the oath watched by Mrs. Nancy Reagan, Sen. Mark Hatfield and Mr. Jimmy Carter

THE PRESIDENT SPEAKS

"To paraphrase Winston Churchill, I did not take the oath I have just taken with the intention of presiding over the dissolution of the world's strongest economy."

"It is time to check and reverse the growth of government which shows signs of having grown beyond the consent of the governed."

"In the present crisis, government is not the solution to the problem. It is the problem."

"It is time to reawaken this industrial giant, to get government back within its means and to lighten our punitive tax burden."

"To our neighbours and allies . . . we will match loyalty with loyalty . . . we will not use our friendship to impose on their sovereignty."

To potential adversaries: "Our reluctance for conflict should not be misjudged as a failure of will. When action is required to preserve our national security, we will act."

A stranger inauguration than most

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SURELY there has never been an American Presidential inauguration like this.

The old and the new, the traditional and the unfathomable conspired together as Mr. Ronald Reagan was sworn in as 40th President of the United States; and as Iran, half an hour after the Oath was administered, finally released the American diplomatic hostages.

In what was seen here as a last malevolent twist of the Iranian mind, Mr. Jimmy Carter was denied even the last satisfaction of being in a position to announce, as President, thet the hostages were on their way to freedom.

Half the night and all the morning, he waited to receive word that, the last financial hitches concerning the transfer of the Iranian assets resolved, he could bring the good news ending the 444-day saga that had helped cost him his office.

Yet that service was rendered first by the wire services, who'd jumped the garden wall more than once; then by an anonymous official at the State Department's working group on Iran; and ultimately by the new

The mood of America, Page 5

Editorial comment Page 10

President, who, cornered by reporters just after the initial ceremonies, uttered the magic sentence: "The word that we have is that both planes are airborne."

For Mr. Carter, there was left just the trip back to his home at Plains, Georgia, on a U.S. Air Force jet, and then, after a brief stay, a final flight as President Reagan's special envoy to the American Military Hospital at Wiesbaden, West Germany, to greet the hostages.

It was uncanny that with the drama reaching its culmination 5,000 miles away, the inauguration proceedings themselves, replete with pomp and elegant pageantry, contained only one uncertain reference to the fate of the hostages, prematurely delivered in the course of an invocation by Mr. Reagan's Minister from California, the Rev. Donn Moomaw.

Mr. Reagan gave the speech he was always going to give, the one he had composed on a transcontinental flight 11 days ago, calling for a revival in the American economy by cutting taxes and reducing the role of the Federal Government.

His speech was a carbon copy of that which has made him dear ot American conservatives, and was delivered with all the flair and earnestness that, as an old Hollywood actor, he could muster.

He is taking over the government on a fervent pledge to reduce its presence in everyday life; in describing American economic ailments, he said: "Government is not the solution, it is the problem."

The theme of his address was that there was nothing that America could not do if her creative and commercial energies were unleashed.

Though his speech contained no specific recommendation beyond a pledge to cut taxes, shortly afterwards in his first formal act as President he signed an executive order putting a freeze on non-military Government hiring.

Tradition does not give the

Continued on Back Page

Citicorp fourth-quarter earnings drop 38%

BY DAVID LASCELLES IN NEW YORK

CITICORP, the parent of Citibank of New York, the second largest bank in the U.S., yesterday reported a 38 per cent drop in earnings in the final quarter of last year, making 1980 the bank's worst year for profits growth. It blamed high interest rates and the barriers to business imposed by U.S. banking laws and regulations.

Net income for the final quarter was down to $96m from the $154m earned in the last three months of 1979. Profits for the full year were down nearly 7 per cent, from $544m in 1979 to $507m.

Citicorp had warned in December that its profits would be down, but yesterday's results were much worse than expected.

Citicorp said its 1980 results had been hit by "the unprecedented volatility and height of U.S. dollar interest rates."

Citicorp also blamed U.S. laws which restrict the operations of U.S. banks and impose ceilings on what the banks may charge on certain types of loan. Citicorp noted, though, that some of these barriers were now being dismantled

First Pennsylvania loss, Page 25

Lonrho fails to block leaseback

BY JOHN MOORE

LONRHO, the largest shareholder in House of Fraser, the stores group which owns Harrods, has been defeated in its campaign to block a £29m sale and leaseback deal of the D. H. Evans department store in Oxford Street, London.

The outcome of the battle was decided during a meeting of House of Fraser shareholders in Glasgow yesterday.

After the meeting Mr. Tiny Rowland, chief executive of Lonrho, who also sits on the Fraser board, said "nothing has changed. He added: "I believe we've got the Fraser board split. I certainly don't believe Sir Hugh Fraser should stay as chairman of House of Fraser."

Mr. Rowland said he was not a gambler, but he would "lay 10-1 that Sir Hugh Fraser will not be chairman at the end of the year."

Lonrho was considering two offers for its shareholding, he said. "We should consider any reasonable offer for the shares."

House of Fraser shareholders met at the request of Lonrho, which holds around 45m Fraser shares, 29.99 per cent of the total equity, to vote on a resolution blocking the sale and leaseback of the D. H. Evans property.

Shareholders voting by post, produced 51.9m shares in favour of the Lonrho resolution.

But House of Fraser gained a decisive 71.5m votes for its case, supported by most of its institutional shareholders.

Some 62 shareholders at the meeting supported the Fraser board, while 26 voted in favour of the Lonrho resolution.

Mr. Edward DuCann, a director of Lonrho, proposing the resolution said that more Fraser shareholders abstained from voting than voted against Lonrho's resolution.

About 150m shares could have been voted in the poll. Abstentions and those voting in favour of Lonrho, gave "a moral victory" to Lonrho and to the arguments it tried seriously to sustain. If it had been a count of heads, of all shareholders, the Lonrho resolution would have been carried, claimed Mr. DuCann.

"Our answer, supported positively and negatively by so many individual shareholders, is a resounding 'no' to the sale and leaseback deal," he said.

Sir Hugh Fraser, chairman of House of Fraser, told shareholders that group trading was a record over the Christmas period.

Lex, Back Page

£ in New York

—	Jan. 19	Previous
Spot	$2.4090-4110	$.23965-3995
1 month	1.15-1.25 pm	1.35-1.45pm
3 months	2.80-2.90 pm	2.70-2.80 pm
12 months	5.10-5.30 pm	4.50-4.75 pm

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THE RELEASE OF THE HOSTAGES

Jurek Martin in Washington assesses the mood of the U.S. as the hostage crisis finally comes to an end

Unease marks opening of the Reagan era

MR. RONALD REAGAN is taking over the government of the United States on a high note. Sheer national relief over the final release of the hostages, the last act of the often maligned but not insubstantial presidency of Mr. Jimmy Carter *has erased, for the moment,* recent unhappy memories.

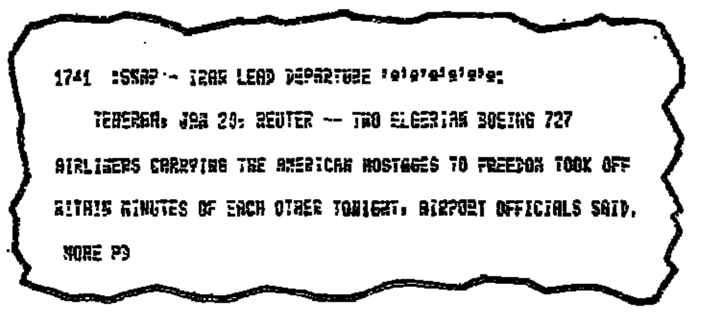
Euphoria is invariably ephemeral, however. The great national instrospection of the last half of the past decade, in which perhaps the Carter presidency was a necessary transitional phase, has left the U.S. a little fearful about the future, uncomfortable with its present and somewhat nostalgic about its dimly-remembered past.

Four years ago Mr. Carter, in his inaugural address, called for "fresh faith in the old dream." But he offered no new vision, nor, in his term, did he convey the sense of one. Mr. Reagan, too, invoked the past yesterday, as he has throughout his long political career, but his message was that the complexities of the modern age were not an insuperable barrier to its re-creation.

It does appear that the nation needs reassurance, a commodity Mr. Carter never appeared to possess in public. An integral *element of successful Presidents* has been their ability to give the appearance of leadership and the sense of control.

Reportedly, Mr. Reagan's two favourite twentieth-century Presidents are Franklin Roosevelt and Dwight Eisenhower, the former not so much because of his policies, which were too liberal for a conservative's taste, but because he was able to carry the country, through his skilful use of the presidency as a pulpit, behind activist policies; the latter because, after too many years of war and suffering, he got the country back on an even keel again by dint of being simply his well-known, *reassuring self.*

Probably the biggest asset Mr. Reagan has in his own personal armoury is this "Ike-like" niceness and affability. He does possess the knack of reducing the complex to the comprehensible, using language that all


1741 :SSAP - IRAN LEAD DEPARTURE
TEHERAN, JAN 20: REUTER -- TWO ALGERIAN BOEING 727
AIRLINERS CARRYING THE AMERICAN HOSTAGES TO FREEDOM TOOK OFF
WITHIN MINUTES OF EACH OTHER TONIGHT, AIRPORT OFFICIALS SAID.
MORE P9

can understand. Nobody has suggested that Mr. Reagan is one of the world's great thinkers, and some are appalled by what they see as his ignorance. But he does convey a sense of gravitas of sorts, a knowledge *of what is right and what is* wrong.

Pure intelligence, as Mr. Carter discovered, is not the clue to success and, indeed, Mr. Reagan may find that this very contrast with his predecessor will serve him in good stead.

Of course, he must decide whether he wants to be a Roosevelt or an Eisenhower. Some of his more fervent, and younger, supporters want an FDR-like assault on national problems, above all the economy. Yet Mr. Reagan won the Presidency because of Mr. Carter's perceived weaknesses and because he himself moved by stages to shed himself of the ideological right-wing baggage he had carried for so long. In the transition period, especially in the selection of a Cabinet, he has moved a little bit further *towards the centre.*

Yet he is inheriting a country which, for all its unease, has shown no particular inclination to opt for dramatic, simplistic solutions, or to bury its head in the past or to take a leap into an ideology-ridden future. Nor is it necessarily in the dire economic political and social straits that some portray. Transatlantic comparisons with the alternatives of Thatcherism and Bennery are false. Outside the fringes of Right and Left, the debate has not taken hold here, because the condition of the country has not created a need for it.

The lesson of last year's electoral *decimation of the Liberal* ranks in Congress and Senator Kennedy's failure to capture the Democratic nomination was that the country has a distaste for both super-government and super-activism. It is almost as if the average American, the less privileged underclasses apart, feels he or she is not *doing too badly and might do* better if left alone more.

However, this desire does not extend to the point where government ceases to exercise its necessary functions. The country has no objection to evolution but is wary of *revolutionary* change. If the balance of economic and political power is shifting from the old north to the new sunbelt, it is doing so at a measured pace. In foreign affairs, to the extent that a national consensus exists at all, the tendency remains not to become inextricably involved in global hot spots which could bring extreme adverse reactions domestically.

It is interesting that at no stage in the bitter Iranian drama was there ever anything other than a passing national sentiment to go and *flatten the* "mad mullahs." Perhaps this country sensed that such action could unleash a chain of events over which the U.S. would have no control.

How Mr. Reagan manages his stewardship, frankly, is anyone's guess. His Midwestern-inspired and Californian-bred perspectives do not appear broad. There will be constant wars for his ear and, the initial honeymoon apart, constant trouble with *the* great institutions of the courts and the Congress. Repulicans, he will discover, can be as contrary with him as Democrats were with Mr. Carter. The pulls of regionalism and special interests will be as powerful as ever. He will find, as did his predecessor that being a state Governor is barely a qualification for running the country.

America expects: but, perhaps *it does not* expect too much of Ronald Reagan.

Claims may cut money to $2bn

BY JOHN MAKINSON

IRAN COULD eventually receive less than $2bn from the complex financial deal it has hammered out with the U.S. Around $8bn has been paid into the escrow account in Algeria's name at the Bank of England, but Iran will probably be left with only the small change after it has met its agreed commitments.

Transfers to these accounts from *the* Federal Reserve and from foreign branches of U.S. banks are expected to total around $6.2bn but, of this, Iran will need to find up to $5bn for repayment of outstanding loans. This includes the $3.6bn which U.S. officials said yesterday must be paid immediately to U.S. and foreign banks.

Another $2bn or so should be released by domestic branches of U.S. banks, but Iran will receive only half of this directly and will need the other half to help pay compensation claims totalling perhaps $3bn.

Iran will be entitled to the accumulated interest on the frozen assets, but this will be offset, at least in part, by interest charges which have built up on the loans Iran is proposing to repay.

The U.S. assets of *the* late Shah are Iran's only possible windfall. They have been frozen under the agreement, and Iran claims they could be worth $10bn. But U.S. observers are giving a far lower figure, and the whole matter *will* in any case be *the* subject of lengthy litigation.

The relatively modest payment to Iran helps to explain why the dollar has recently held up well on the foreign exchange markets. So long as Iran does not immediately convert all its receipts into other currencies, the asset transfer is unlikely to unsettle the market. The current view is that U.S. banks *have reached a settlement* on remarkably favourable terms.

Japan to lift its economic sanctions

By Richard C. Hanson in Tokyo

THE CHANCES of Japan solving its own "crises" in Iran *have been improved only* marginally by an end to the U.S. hostage crisis. The Tokyo Government will lift the economic sanctions it imposed on Iran last year, but a return to normal trade relations is not *expected until the protracted* war with Iraq is over.

Indeed, the hostage issue had, in Japan's view, paled in immediate importance in the face of problems posed by the outbreak of the Gulf war. The Japanese hold out only a slim hope that the return of the hostages will help bring that conflict to a speedy end.

The most important project at stake is the uncompleted $3.5bn petrochemical complex at Bhandar Khomeini in Southern Iran, which, in any case, had been exempted from the economic sanctions agreed last June.

Construction, halted in 1979 *by the turmoil of the Iranian* revolution, began again last September, but was abruptly stopped when war broke out dangerously close to the site. The Japanese partner, led by the Mitsui group, has withdrawn all but a dozen of its Japanese staff from Iran. The complex has been damaged by Iraqi bombs and the Japanese partners are desperately seeking relief from the Y100m a day in *interest costs alone* which are accruing while work is at a standstill.

Resuming oil imports, the second most important issue on

JAPAN-IRAN TRADE

	Exports to Iran	Imports from Iran
1978	$2.7bn	$4.2bn
1979	$925m	$4.3bn
1980	$1.5bn	$4.1bn

Japan's post-hostage crisis agenda with Iran, is likewise only indirectly linked to the hostage issue. *Shipments* of Iranian crude oil stopped last April, two months before trade sanctions were adopted in a dispute nominally over pricing. Japan's refusal to accept a price increase (and Iran's subsequent decision to halt shipments) was widely viewed as a sign of support for the tough U.S. position.

Tokyo accepted the applause, but carefully contended that its decision was based on purey *commercial factors — in other* words, the price increase was too steep. It is expected that the Japanese trading companies will seek new oil contracts with Iran as the dust settles on the hostage issue.

It is doubtful, however, that Iran in the near future will come close to regaining its former importance as an oil supplier for Japan (about 10 per cent at the time of the cut off). Iran has less oil to export, new customers to supply, and is expected to ask a price too high for Japan's watchdog Ministry of International Trade and Industry to accept.

Moreover, Japan's general trade with Iran shows little sign of improving as long as the Iran-Iraq war hampers shipping in the Gulf area.

The restrictions on exports which came with economic sanctions put the brakes on a mini-boom in shipments to Iran seen at the start of 1980. (Exports in 1979 had fallen off sharply as a result of the revolution.) Monthly exports reached *a peak of about $300m before* sanctions were passed in June, and dwindled to a pace of about $50m a month towards the end of the year. Imports, which totalled over $4bn on the year, were running at less than $1m by November as a result of the stoppage in crude shipments.

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Weapons contracts pose dilemma for Western suppliers

BY OUR FOREIGN STAFF

BRITAIN AND THE U.S. both now face the prospect of politically sensitive and probably unacceptable demands by Iran for weapons, ammunition and spare parts. France will face the same dilemma. The question is all the more embarrassing because some equipment required to keep the Iranian war machine functioning in the war with Iraq has not only been ordered but has also been paid for. Iran's two leading suppliers both want the war stopped as soon as possible, an aim probably best achieved by exhausting the two regimes' capacity and will to wage it. There is a common concern not to antagonise the Arab oil-producing states of the Gulf, particularly Saudi Arabia.

Against this is the desire to repair relations with Iran and prevent it from falling under the sway of the far more amenable, opportunist Soviet Union. Moscow has made available ammunition and spares for armoured fighting vehicles, 1,000 of which were delivered in 1977-78, and artillery supplied earlier as part of a barter deal for Iranian natural gas exported to Soviet Azerbaijan. Although most Russian replenishments are believed to have been channelled via North Korea, some have been supplied directly. In general, Western intelligence analysts believe Moscow has so far been relatively restrained.

Negotiations on the release of the U.S. hostages seem to have impinged only peripherally on the question of spares and arms ordered. The money in the Iranian Military Trust Fund with the Pentagon, after deductions to compensate U.S. manufacturers for cancelled orders is understood to amount to around $800m, rather than the $500m-$550m generally quoted.

The U.S. Administration has indicated that some might be used to buy equipment, but that it has the option to decide whether to pay in kind or cash. Probably only non-lethal material would be released. State Department officials say *the issue has not been settled in* detail as part of the package

Much of the equipment ordered from the U.S. and not cancelled is said to have been already removed from the "shelf." The rest is in bonded warehouses at the MacGuire Air Base, New Jersey. The equipment there is technically Iranian property, but does not amount to much, according to U.S. officials. When the Shah left Iran in January 1979, no less than $12bn worth of arms weer at various stages of negotiation. Talks on unsigned deals valued at around $8bn were broken off by Ayatollah Khomeini's revolutionary régime.

Most of the balance consisted of firms orders: 55 F-16 fighters, in addition to the 77 already delivered, and two Spruance-class destroyers. Iran was saved cancellations penalties when the aircraft were diverted to Israel and the vessels to the U.S. Navy, which also bought the Phoenix missiles destined *for the Iranian F-16s. Payments* made by Iran were returned to the Military Trust Fund.

Britain would probably not grant export licences until its own "hostages," the four Britons imprisoned without formal charges or trial since last summer, have been freed, regardless of other considerations. The danger is that Iran may try to bargain their freedom for badly needed equipment. It claims to have paid £53m for military hardware undelivered.

Iran's most vital requirements from the UK are power packs for its Chieftain battle tanks which have had to be replaced after only 700 miles' driving. The demand would probably be for no less than 800, rather more than the surviving number of tanks. Less important would be maintaining in service its Scorpion light tanks (250 before the war) and UK-manufactured armoured vehicles.

Associated with the *Chieftains* were "*running*" contracts for spares and ammunition. Iran is believed to have adequate stocks of tank ammunition, despite the fact that early in the revolution work stopped on the ordnance factory at Isfahan being constructed by Laing and Wimpey under a contract with International Military Sales, the agency of the UK Ministry of Defence.

Without the back-up of British advisers and technicians, it appears not to have used at all its 20 batteries of Rapier missiles and, therefore, would not want replacement warheads.

But the Iranian Navy is eagerly awaiting the delivery of the Kharg support vessel, costing about £40m and constructed by Swan Hunter of the British Shipbuilders group, and commissioned the day after the European Community announced the imposition of sanctions. It has also *indicated that it wants two of* the four logistical ships originally ordered by the Shah from Yarrow (Shipbuilders).

Iran badly needs equipment, including missiles, to keep in service four Saam-class frigates *built by Vickers and Vosper* Thorneycroft. The British Hovercraft Corporation had similar obligations with respect to SRN-6 and BH-7s supplied to the Iranian Navy.

When sanctions were imposed Iran was still awaiting six of the dozen La Combattante heavily-armed, fast missile boats built in France. Even those delivered had only anti-aircraft deck guns. No final decision had been made as to what their main, sea-to-sea missile armament would be. According to U.S. intelligence reports, the Israeli Gabriel was under consideration.

Lessening of tension pleases Gulf

By Patrick Cockburn in Kuwait

THE STATES of the western Gulf will be relieved by the diminution of tension between Iran and the U.S. which is likely to follow the release of the hostages. But the continuing war between Iraq and *Iran remains the prime source* of disquiet in the area.

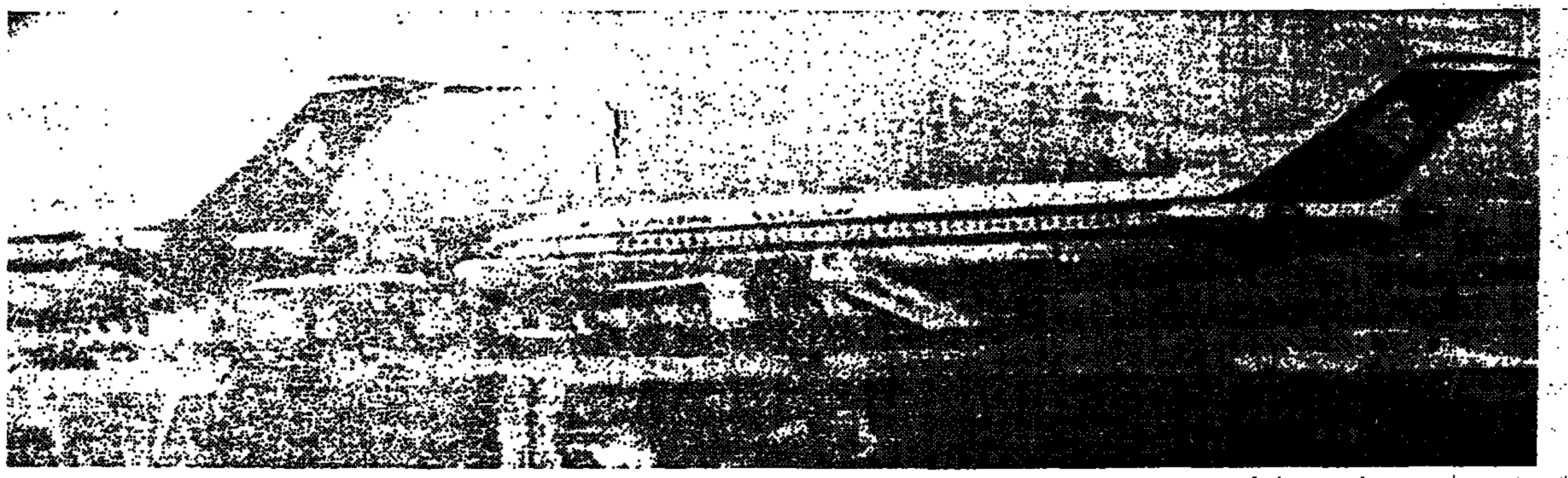
To co-ordinate their response to the four-month war, Gulf Foreign Ministers will meet in Kuwait on February 4 to discuss their collective security, economic co-operation and the possible co-ordination of military training and arms purchases.

The rulers of the smaller Gulf States from Kuwait to Oman have been *deeply worried,* ever since the U.S. hostages were taken, that the crisis would lead to direct U.S. military intervention in the area.

These fears grew last year at the time of the abortive U.S. rescue mission and the beginning of the Iran-Iraq war. Mr. Ronald Reagan's election as President in November seemed to presage a more *militant U.S. policy* towards the Gulf.

Despite general relief that the hostages are returning home some anxiety is evident in Kuwait and other Gulf States that the U.S. may have agreed to supply arms and spare parts to Tehran as part of a secret deal. Iraq has been quick to accuse Iran of returning to its old alliance with the U.S.

Kuwait has led the way over the past year in denouncing superpower intervention in the Gulf, but with other Gulf States it has increased its links with Saudi Arabia. Given the American guarantee of Saudi security, this allows Kuwait, the United Arab Emirates, Bahrain and Qatar to enjoy de facto U.S. protection without publicly compromising their independence.



The two Algerian airliners on the tarmac at Tehran before flying the hostages to freedom

IRAN AND THE SOVIET UNION

A civil relationship may turn to antagonism

BY DAVID SATTER IN MOSCOW

THE LONG-TERM impact of the return of the 52 American *hostages on relations between* Iran and the two superpowers is barely predictable, but it may easily lead to a short-term worsening of Iran's relations with the Soviet Union.

As long as Iran held the hos*tages, the Iranians had to be* civil to the Soviet Union, because it was impossible to rule out military action to free them by the U.S.

The release of the hostages, however, must highlight the fact that their detention was almost the only factor which led Iran to maintain reasonable relations with the Soviet Union. If present trends continue, Soviet-Iranian relations could soon fall to the same low level as relations between Iran and the U.S.

The Soviet Union remains a potential factor in the war between Iran and Iraq but for the time being the Gulf war is having little impact on Soviet-Iranian relations. Moscow appears to prefer neutrality to the risks of taking either side and are not shipping arms to Iran or Iraq.

Even if the Soviet Union were to decide to try to use arms *shipments as a lever in the Gulf* conflict, it is not clear that they would meet with much success. The Iranians put out a report in October claiming that they rejected an offer of Soviet arms. Renewal of arms shipments to Baghdad would greatly alienate the Iranians without necessarily improving relations with Iraq.

The Soviet Union, therefore, is expected to continue to remain neutral in the Gulf war while urging a settlement and blaming the war on Western "imperialism." The impartiality, however, may do little to preserve Soviet ties with Iran.

Soviet support for Iran in the hostage crisis created the misleading impression that the *two countries had a community* of interests. Their underlying relationship remained antagonistic, however, because of Iranian opposition to the spread of Communism and the Soviet invasion of Afghanistan.

The Soviet Foreign Ministry last week gave a note to Mr. Mohammed Mokri, the Iranian ambassador, in which it accused the Iranians of having taken "under their protection" Afghan exiles who attacked the Soviet embassy in Tehran on December 27 in a protest against the invasion.

The note repeated earlier Soviet protests to Iran and said that the Soviet Union might have to take unspecified steps *to safeguard its embassy if the* Iranian authorities encouraged "new hostile acts."

The exchange over Afghanistan may prove symbolic because the Afghan question is the most important source of potential friction between the Soviet Union and Iran.

Even at the height of the hostage crisis the Iranians rejected Soviet attempts to involve them in a Soviet-backed settlement of the issue.

During the months that the U.S. hostages have been held by Iran, the Soviet Union and Iran have made efforts to stabilise their relations by developing trade and economic ties. There has been little success so far, however, despite the great opportunity presented by the Western trade embargo.

Iranian gas supplies to the Soviet Union were suspended in January 1979 after the fall of the Shah and, despite a year of intensive discussions, the issue remains unresolved. Iran has sought a five-fold increase in price from 76 cents to $3.68 per million British Thermal Units (BTU) for the 10bn cubic centimetres of gas it piped yearly *to the Soviet-Caucasus* through the IGAT-1 pipeline. The Soviet Union has offered only 3.5 times the original price.

Despite improvement in the road and rail links between the Soviet Union and Iran, bilateral trade in 1979 was 40 per cent less than in 1978 and rose only 3 per cent in the first nine months of 1980 compared with the same period in 1979.

When the negotiations over the U.S. hostages began to reach a climax this weekend, the Soviet Press issued a series of reports suggesting that the U.S. was preparing an invasion of Iran. The reports had no noticeable effect on the negotiations but they reflected clearly the Soviet Union's frustration over the turn of events.

With the hostages free and the rebellion in Afghanistan far from over, relations between the U.S. *and Iran may not start* improving, but the Soviet Union may find Iran an increasingly troublesome neighbour, leading it to revert to its pre-crisis vocabulary once again.

EEC Foreign Ministers meeting in Brussels yesterday reacted with "great satisfaction" to the news of the *hostages' release and urged* the Iranian Government "to accelerate" the freeing of the four British citizens currently being held without charge in Iran, writes John Wyles in Brussels.

Community governments will immediately begin dismantling the trade sanctions levied against Iran since last May. *These are believed to* have been very limited in scope and effect. The question of whether to maintain an arms embargo against Iran will be left for each government to decide.

Iran sends delegation to Taif

TAIF — Iran has said it will attend a ministerial meeting to prepare for Sunday's Islamic summit, Prince Saud al-Faisal, the Saudi Arabian Foreign Minister, announced yesterday. However, he did not know whether Iran's decision to come to the meeting, now moving towards a close, meant it would attend the summit.

The war between Iran and Iraq will be a major topic at the three-day summit, along with the Soviet intervention in Afghanistan. Iran has said it will not come if President Saddam Hussein of Iraq attends, and on Monday night Baghdad announced *that* the President would head its delegation.

The summit is being organised by the 42-member Islamic Conference Organisation, to which both Iran and Iraq belong.

The Prince, chairman of the ministerial meeting, said: "We have official information from the Government of Iran that an Iranian delegation is on *its way to Taif.* We welcome this and hope that the delegation will arrive before we finish our work."

Some delegates here have said they believe that if Iran disposes of the issue of the U.S. *hostages, it might be* inclined to use the summit platform to put its side of the conflict with Iraq.

Conference officials said there was fear among Gulf countries that the agreement *on freeing* the hostages could increase Iran's military potential by unblocking billions of dollars in Iranian funds frozen by the United States.

The officials said there was long, heated debate over Afghanistan in a sub-committee considering a draft declaration which will be a key document to be laid before the summit.

Reuter

Business faces the realities of dealing again with the Ayatollah

BY OUR WORLD TRADE STAFF

THE MAIN impediment to major new business in Iran is the lack of export credit guarantees throughout the European Community. Such cover as is available is largely devoted to servicing existing sales and project contracts.

The lifting of economic sanctions, limited in effect though they were, is forcing businessmen back to the realities of the instability in Iran caused both by the revolution and by the war with Iraq.

"The fact is that the banking system, the normal communications system is broken down. If you're going to give credit guarantees you need to know about the buyer and his creditworthiness. You simply can't find this out," said one official in London.

There is then no immediate likelihood that the Export Credits Guarantee Department in the UK, and its counterparts throughout the European Community, will rapidly restore guarantees for Iranian business.

European trade with Iran *generally has increased since* 1979, but some West German contractors believe the next sharp increase in business could depend on the amount of reconstruction after the Iran-Iraq war, allied to the future economic orientation of the Tehran Government.

But there seems little prospect of a return to the grandiose projects of the Shah's day. Plant contractors like Lurgi, with long experience in Iran, have noted a tendency to move away from large projects to smaller and simpler ventures.

This reflects the Iranian inclination to limit some long-term investment in infrastruc*ture and to reduce dependency* on highly skilled technical staff from the West to run new plants.

The less ambitious approach has resulted, for example, in an engineering subsidiary of RATP, the Paris public transport authority, waiting for the Iranian authorities to produce a scaled-down scheme for a Tehran underground railway. The company has slowly been continuing work on an initial stretch of line. Schemes like the project to build Peugeot 305 saloon cars, frozen immediately after the Revolution, are also still on ice.

But the Tehran Government did not axe all capital projects. After disputes about the size of export credit guarantees last year, Condotte d'Acqua and Italimpianti, two Italian groups, are still developing respectively the port of Bandar Abbas and a $1.3bn (£540m) steel works at Isfahan. Indeed, the Italimpianti project has in some respects been enlarged.

And most West German companies with contracts in Iran report there has been no major interruption in their work, although the war has sometimes upset delivery schedules. Indeed, it is the war's impact on production schedules, coupled with the ability to pay, which has affected regular trading links.

Thus Iran National Car's plant has been slightly damaged by bombs and electricity and oil supplies have at times been cut off. This led to a reduced demand for car kits from Talbot (UK) last year, although shipments have been stepped up this month.

Renault has also continued to send kits from France, but it noted *yesterday that* its deliveries have been conditioned only by Iran's ability to pay.

A similar criterion may dictate the future of the order for six aircraft and three options, placed in 1978, with Airbus Industrie, the European consortium. Two aircraft were delivered last spring and the remaining four are due for delivery by 1983.

It seems clear that, in the coming months, European companies will seek to expand their Iranian sales as long as they do not have to make new financial or personnel commitments in Iran.

There is, for example, no disposition among major British construction groups like George Wimpey to seek work in Iran, but there is a desire among companies which have sleeping joint ventures to see them working again.

Compair is one company which has maintained a low volume of supplies to its joint venture, Compidro, and would now like to see the factory it designed at Tabriz, staffed by Iranians, working full time making compressors.

Protest greets S. African ban on newspapers

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S two largest black readership newspapers, the Post and the Sunday Post, will not be published again, because of a government decision to ban them if they reappear.

The decision — announced yesterday in a statement agreed by the Argus newspaper group and government ministers responsible for the decision—was greeted with a storm of protest from other newspapers, and black and white opposition leaders.

The effective bannings—the newspapers were originally prevented from publishing after a prolonged strike last year because of a technicality—make it the second time in four years the Government has silenced mass circulation black newspapers.

The last occasion was in October 1977, when the World and Weekend World—the forerunners of the Post and the Sunday Post—were banned, along with a string of black political organisations.

The latest move follows restriction orders being served on three leading black journalists, including Mr. Zwelakhe Sisulu, president of the Media Workers' Association of South Africa, the black journalists' trade union.

The Post and the Sunday Post are both printed in Johannesburg, and circulate throughout the Transvaal province, the Orange Free State and the Northern Cape Province. The Post was a daily newspaper with a circulation of about 120,000. The Sunday Post sold about 126,000, with a readership approaching 1.5m.

No reason

The Government decision to ban the newspapers if they were published again was announced by Mr. Chris Heunis, the Minister of Internal Affairs, and Mr. Kobie Coetzee, the Minister of Justice. They gave no reason.

The move comes as a surprise because a Government-appointed commission of inquiry into the Press is still hearing evidence under Judge Marthinus Steyn. It produced a hostile response, even from the pro-Government Afrikaans press. Mr. Harald Pakendorff, editor of Die Vaderland in Johannesburg, said: "My first instinct is that the Government has made a mistake."

Mr. Tertius Myburgh, editor of the mass circulation Sunday Times, said: "Any country where a government walks in and pulls down the shutters on a newspaper can't have any pretence at freedom of expression."

Black views

White reaction included the criticism that the Government was closing down a vital means of communicating black views —not just to black readers, but also to whites and the Government.

Black reaction was more resigned. Bishop Desmond Tutu, the general secretary of the South African Council of Churches, said the decision came as no surprise. "The only thing is that we are distressed that they refuse to learn," he said.

● The Federated Chamber of Industries, South Africa's major organisation of employer bodies, has issued guidelines urging its 10,000 member companies to adopt a more flexible attitude towards industrial relations, and negotiate with unregistered black trade unions if necessary.

The guidelines, published for the first time yesterday, suggest a far less authoritarian approach to labour relations than that adopted by many individual employer bodies, and provide a recognition of the growing importance of black trade unions in South African industry.

They propose that, rather than insisting that black unions must be registered within the Government system before they can be recognised, employers should talk to the unions about the sort of negotiating structure they wish to see.

The document admits that many black unions are naturally cautious about registering in a system that has previously excluded them by law.

Mr. Ariel Sharon

Settlement drive before Israeli poll

By David Lennon in Tel Aviv

THE BEGIN GOVERNMENT is stepping up its efforts to expand Jewish settlement on the occupied West Bank in the months remaining before the General Election.

While deciding this week to call elections in July, instead of November as scheduled, the Government also approved plans for five new settlements to be built on the West Bank. Earlier this month three other Jewish settlements were established in the occupied territory.

Mr. Ariel Sharon, the Agriculture Minister, who is in charge of settlements stressed that it is essential to intensify the settlement project which is designed to prevent any future Government giving up any part of the West Bank in return for a peace agreement with Jordan or the Palestinians.

In addition to establishing new settlements, the Minister also wants to speed up the building of permanent housing in the dozens of settlements created by the Begin Government in the past three and a half years. In most of these new villages the settlers are still living in prefabricated, temporary housing.

To make this possible, the Government will have to allocate additional funds, as the departments dealing with settlements have already spent all of their budget for the current fiscal year. It is likely that Mr. Menahem Begin, the Prime Minister, will be asked this week to release the necessary funds.

Agriculture Ministry staff said that Mr. Sharon was considering making drastic cuts in the budgets of agricultural sectors to make money available for the final settlement drive.

The Opposition Labour Party, which the polls predict will win the new election, favours giving up most of the West Bank in exchange for a peace agreement with Jordan. Mr. Sharon vehemently opposes this, believing that Israel must retain the occupied territory for historical and security reasons.

Gang of Four lives may be spared, China hints

BY TONY WALKER IN PEKING

CHINA hinted yesterday that the lives may be spared of China's Gang of Four headed by Jiang Qing, Mao's widow, now waiting to be sentenced.

A senior Chinese official in an interview published by Xinhua, China's official news-agency, outlined penalties faced by the four, giving emphasis to the possibility of a suspended death sentence.

Chinese criminals are often given a suspended death sentence on the basis that they are allowed two years to "reform."

The emphasis given by Liu Fuzhi, an official of the National People's Congress, China's parliament, to the option of a suspended death sentence is regarded as significant by observers here who say it is a pointer to the likely result of the trial.

Influential figures in China's leadership, including, reportedly, Deng Xiaoping, a party vice-chairman, have opposed the execution of members of the Gang of Four, whose trial concluded more than two weeks ago.

The publication of Mr. Liu's comments may also indicate that sentencing is imminent, perhaps within the next several days.

According to Xinhua, the special Peking court which tried the Gang of Four plus associates of Lin Biao, the former Defence Minister, is deliberating on sentencing.

Jiang Qing . . . hopes rise in Peking for mercy

Mr. Liu, giving details of penalties attached to the various charges, said those charged with such offences as counter-revolution could, under section 103 of the criminal code, be sentenced to death.

"However, article 43 states that a death penalty may be suspended for two years during which the prisoner will be helped to reform through labour."

Mr. Liu pointed out that if the prisoner showed repentence, the death sentence would be reduced to life imprisonment.

IMF meets over PLO's exclusion

By Dai Hayward in Wellington

A GATHERING of a special committee of governors of the International Monetary Fund (IMF) here this week will review the problems created by the exclusion of the Palestinian Liberation Organisation from the annual meetings of the Fund and the World Bank last autumn in Washington.

The meeting could have crucial implications for the future relationships between the Fund and a number of Arab countries from which it hopes to borrow money this year.

The Committee has to complete a report by January 31 and the IMF board has to reach a decision on this by March. It is looking into the legal and other issues raised by the exclusion of the PLO from the meetings.

Mr. Robert Muldoon, the New Zealand Prime Minister who is chairing the committee said: "We are trying to solve a problem which could have disrupted both organisations. On one side the U.S. Congress is not going to approve various proposals for the Fund and the World Bank if the PLO is admitted. On the other side, the Arab world is not going to contribute financially if the PLO is not admitted."

The meeting runs from Wednesday to Saturday and follows an earlier meeting of the committee in Manila which Mr. Muldoon has privately described as the "toughest" he has ever chaired.

The countries on the committee are Belgium, France, Indonesia, Nigeria, Pakistan, Sweden, West Germany and Yugoslavia. New Zealand is not officially represented and Mr. Muldoon is acting as chairman in a personal capacity.

The New Zealand Prime Minister said it was too early to say whether the moves will result in the PLO winning observer status. "At this point in our deliberations no one can can say they have had a victory," he said.

Aid donors encouraged by Egyptian economy

BY ANTHONY McDERMOTT IN ASWAN

EGYPT'S main aid donors, whose two-day meeting opened here yesterday, have been broadly complimentary towards the country's recent economic performance. The donors are represented by ten European countries, the U.S., Canada, Japan, and seven international organisations including the World Bank, the International Monetary Fund and the International Finance Corporation.

The atmosphere of discussion has been more relaxed than in previous meetings, which have been held in Paris. The main reason for this change in mood is the dramatic turnabout in Egypt's balance of payments position. Last year a surplus of about $1.1bn on current account was recorded. At the same time, however, there have been some expressions of criticism and concern.

Dr. Abdel - Razzaq Abdel-Meguid, the Deputy Prime Minister for economic and financial affairs and planning, highlighted the problems of subsidised prices and the possibility that oil earnings, which last year totalled $2.8bn, might flatten out in the coming years.

These themes were also taken up in statements by the World Bank and the IMF, which expressed the hope that the balance of payments surplus would be used for long-term restructuring of the economy. Egypt's aid requirements for 1981-82 have been estimated at $2.1bn.

Ministry shake-up follows Tornado blunder

BY ROGER BOYES IN BONN

WEST GERMANY'S Defence Minister, Herr Hans Apel, has announced a sweeping reshuffle in his Ministry following costly financial blunders in the procurement of the Tornado multi-role combat aircraft.

The changes were prompted by serious miscalculations in the planning of the Tornado project which left the Ministry with an embarrassing DM 1.3bn (£288m) hole in its budget for 1980 and 1981.

Part of the financial problem has now been solved by a granting of an extra DM 700m from the Finance Ministry. Stopgap measures — such as slowing the production of the aircraft — will no longer be needed.

But the fundamental problem was how such financial errors could arise in the first place, and why the Minister was not aware of the shortfall sooner.

The Christian Democrat (CDU) opposition claims that Herr Apel should have known of the difficulties by March last year, though the Minister says he was not, in fact, aware of the gap until November. The CDU will formally examine Herr Apel tomorrow.

The Ministry re-shuffle puts a budget expert in charge of weapons procurement and responsibilities at junior Minister level between procurement and finance have been firmly delineated.

Although Herr Apel has decided not to dismiss anybody for the Tornado affair, the former procurement director has been shifted sideways to a less politically sensitive job.

Another move, welcomed by several Bonn politicians, is the installation in the Ministry of an industrial specialist. He has not yet been named, but will be an executive drawn from a large armaments concern, and will inject some much-needed understanding of industrial pricing policies, and of how best to co-ordinate companies' production schedules with Bonn's budgetary cycle.

Defence Ministry officials claim that the miscalculations on the Anglo-Italian-German Tornado go back to a strike in Britain in 1978 which threw production schedules out of gear.

The German Air Force budgeted for a smaller number of Tornados but suddenly found that output—despite the labour trouble—was back on schedule. This left the ministry with a hefty, unexpected bill.

The immediate dilemma has been solved because of the supplementary budget and through internal savings on fuel, ammunition and research.

Earlier, Herr Apel—much to the consternation of his fellow NATO Defence Ministers—had asked the British and Italians if they would accept a reduction in the monthly delivery rate from nine to eight Tornados this year, and 12 to nine in 1982. This will no longer be necessary.

Vogel flies into a political storm in W. Berlin

BY ROGER BOYES

HAS CHANCELLOR Helmut Schmidt's crown prince become a sacrificial lamb? Dr. Hans Jochen Vogel, the high-flying Justice Minister, could be forgiven for glancing nervously over his shoulder. There is nothing quite as innocent and foredoomed as a promising politician sent in to rescue a sinking provincial Government.

The Government in question is that of West Berlin, which has been in tatters for days after the surprise resignation of the governing Mayor, Herr Dietrich Stobbe, an amiable, competent but badly advised administrator who fell victim to party jealousies and a murky building scandal. Dr. Vogel is, by all accounts, the ideal saviour for the beleaguered Social Democrat—Free Democrat coalition. He was formerly the youngest-ever Mayor of Munich, later the federal Building Minister and thus well-equipped to tackle West Berlin's chronic housing problems—and as an outsider he has a certain distance from the dense undergrowth of West Berlin politics.

Quite apart from Dr. Vogel's personal qualities, several reasons made it imperative that a top-calibre minister be sent to bolster the West Berlin Government. The fundamental reasoning is that the West Berlin crisis is more than a provincial storm in a tea cup. It underlines the insecurity of the Bonn coalition (made up, like the West Berlin Senate, of Social Democrats and the smaller, liberal Free Democrats), and it hits at the Bonn Government's strategy of rolling back Christian Democrat influence outside the federal Government. Moreover, West Berlin is at the focal point of Bonn's *Ostpolitik*, West Germany's conciliatory policy towards Eastern Europe. The safety and welfare of West Berlin is the ultimate rationale for maintaining a dialogue with East Germany and Moscow even at times of East-West crisis.

Herr Stobbe: amiable, competent but badly advised

The relentless step-by-step logic of the crisis gives an inkling of the task, and the political risk, facing Dr. Vogel. Last year, West Berlin guaranteed 90 per cent of a DM 128m loan to a West Berlin-based building company called Bautechnik. The company went into liquidation before it could carry out vital orders in the Middle East, and the city will almost certainly have to find some DM 110m as a result. Significantly, some Senators had approved the loan guarantee despite growing signs that Bautechnik was financially far from stable.

This month heads began to roll. The Economics Senator and Free Democrat chairman Herr Wolfgang Lueder, resigned to be replaced by Dr. Guido Brunner, the former European Commissioner for Energy. The Housing Senator went, as did the Health Senator. Dr. Klaus Riebschlaeger, the Finance Senator, resigned.

Herr Stobbe, determined to plug the holes in the leaking Senate, nominated four Social Democrat Senators, who were then rejected by the West Berlin Parliament. As the Social Democrats and Free Democrats have a nine-seat majority in Parliament, this indicated there were many defections.

The root problem is that the Social Democrats have been in power in West Berlin since the end of the Second World War, apart from a short period between 1953 and 1955, sometimes in coalition with the Christian Democrats sometimes with the Free Democrats sometimes with both. The Social Democrats have burrowed deep into several key sectors in West Berlin, and party patronage is a strong element. Any political partner with the Social Democrats thus feels neglected and fights within the coalition for a clear and separate identity. This can clearly go too far—for example, voting against the Mayor on a crucial issue such as a Cabinet reshuffle.

Dr. Vogel will also have to tackle other less obviously political problems

These difficulties are a real challenge for a good local politician, but are they the ideal training ground for a future chancellor?

Chancellor Schmidt evidently thinks so. Certainly, Herr Willy Brandt managed in the 1960s to make the transition from major of West Berlin to federal Foreign Minister and ultimately to Chancellor. It has so be said that both Herr Schmidt and Dr. Vogel needed convincing that the move was the correct one. But, in the Chancellor's case, there were two paramount considerations.

The first was that West Berlin should not fall to the Christian Democrats, who are fielding a very able challenger in the elections later this year: Herr Richard Von Weizsaecker. That would be an insurmountable humiliation for the Social Democrats and would in any case make *Ostpolitik* rather difficult. Second, the Chancellor has long held the view that the highest political virtue is loyalty, and there is little doubt that Dr. Vogel will be amply rewarded from federal politics.

'Just what is this "secret weapon" you're offering would-be borrowers, Mr Wagstaff?'

'RADAR, Mr Rogers,' said Wagstaff, without batting an eyelid.

'Specially designed by one of Chris Greening's electronics wizards, I suppose,' said Jack Rogers, one of the busiest accountants in town. Now pull the other one, Bill, I can't tell *that* to my clients!'

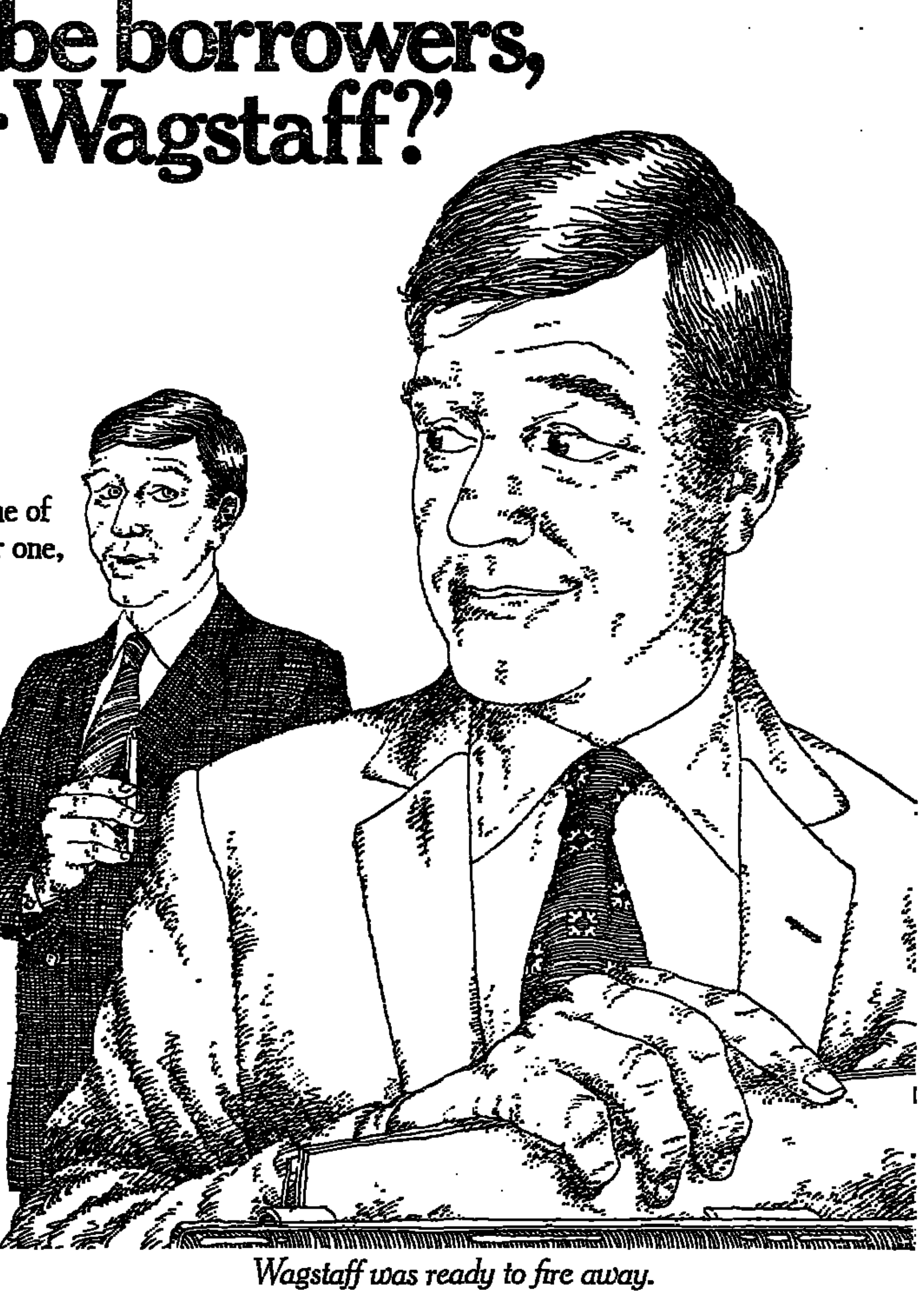
'Well I wish you would,' said Wagstaff. 'It would help them no end when they want to put up a case for a loan.'

'I'm all ears then, fire away!'

'R.a.d.a.r is an acronym,' said Wagstaff, noticing with some disappointment that Jack Rogers obviously knew what an acronym was. 'It stands for Reason, Amount, Duration, Assets, Repayment. Let's take the Graham brothers, those clients of yours we're meeting shortly. If they're looking for extra finance, *they* need R.a.d.a.r to help them present their case. First, a *Reason* why they need the money – for diversification, expansion or whatever. Then the *Amount* – a realistic assessment, making sure they neither underestimate, *nor* borrow more than they need, at today's high rates. Then the *Duration* of the loan – we must see they don't try to commit themselves to a repayment schedule too difficult to meet. Next, their *Assets* – what can they offer as security? And finally *Repayment* – they must be quite sure it's not going to be too great a burden on their cash flow.'

'So if the Grahams use R.a.d.a.r to make their case, it's as good as won.'

'Not quite,' said Wagstaff, 'but they'll be much more likely to win – because at W&G we like to look for reasons why we *can* lend, not reasons why we can't.'



Wagstaff was ready to fire away.

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A booklet entitled *Talking of Business* is available from any Williams & Glyn's branch. Williams & Glyn's Business Information Service has also prepared a special booklet on *Borrowing for Business* which is available free on application to the address below.

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Poles press 5-day week demand

BY OUR FOREIGN STAFF

THE NATIONAL Committee of Solidarity, Poland's independent trade union, voted overwhelmingly yesterday to maintain pressure on the Government for a five-day working week.

The vote, taken at a meeting in Gdansk chaired by Mr. Lech Walesa, the union's leader, means that Solidarity is now entering negotiations with the Government with a clear commitment to enforce the letter of last year's Gdansk agreement.

Significant sections of the union, however, have made clear their reservations about the economic consequences of a shorter working week in Poland's present economic condition.

The union clearly hopes that by presenting a united front it will be able to secure a formal confirmation from the Government of its commitment to the principle of a five-day week and the full implementation of all the other disputed articles of the Gdansk agreements.

This is seen as the essential pre-condition for any subsequent bargaining over actual implementation.

The union has hinted it is willing to arrange Saturday working on a voluntary basis for a limited time, to increase the supply of goods in short supply, but wants to link this to promises of greater openness and flexibility by the Government.

On the surface, yesterday's vote looks like a rebuff for Mr. Walesa, who held an unscheduled four-hour meeting with Mr. Josef Pinkowski, the Prime Minister on Mr. Walesa's return from Italy yesterday.

"We came to no agreement, but mainly sounded each other out on where to go next," Mr. Walesa said, after he met the Prime Minister. "Our actions *should not be led by emotions* or wrath but by sanity."

This is not the first time that Mr. Walesa has argued for a moderate stance, only to bow to the consensus of opinion and emerge from a union meeting with his reputation as mediator and spokesman unscathed.

Mr. Walesa listed the need for progress on drawing up new *trade union legislation*, relaxation of censorship and the release of political prisoners as other aspects of the Gdansk agreements which still have to be implemented and on which the Government is dragging its feet.

Because of the latest union decision, next Saturday will *probably* be a work-free day for most Poles.

A final decision on Saturday working could well depend on the outcome of union-government talks expected to take place before the weekend.

Italy 'block' on steel to be examined

By Giles Merritt in Brussels

ALLEGEDLY illegal barriers erected by Italy against steel shipments from other EEC states are to be examined today *by the 14 members of the European* Commission.

The Commission review of *Italy's action against steel* imports could result in the Italian Government being taken before the European Court of Justice in Luxembourg and charged with defying the Common Market's most fundamental precept—free trade between member states.

Other EEC members complained about Italy's move, at the end of last year, to reduce without consultation the number of entry points through which steel shipments could pass. The necessary customs officers were withdrawn from nine ports or border posts, reducing entry points into Italy for steel products from 15 to six.

Informal representations to the Italian authorities over the past fortnight to abandon this alleged non-tariff barrier are understood to have been fruitless.

The European Commission will therefore debate today the possibility of bringing a complaint against the Italian Government in the European Court under the terms of Article 30 and associated articles of the EEC's Treaty of Rome, which deal with the elimination of trade restrictions between member states.

'Ten' to consult U.S. on Mideast

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN Ministers agreed in Brussels yesterday to aim for close co-ordination with the Reagan Administration before determining the next move in their bid to develop a Middle East peace initiative.

Washington features prominently on several Ministerial travel plans for the next few months. Mr. Christoph van der Klaauw, the Dutch Foreign *Minister, who is President of* the Council of Ministers for the first half of the year, looks likely to be busiest—he will be visiting more than 10 Middle East capitals, as well as Washington.

Mr. van der Klaauw, who was given his mandate yesterday, will hope to explain to the Reagan Administration that while the EEC is trying to develop a peace initiative outside the Camp David structure, it does not want to cut across U.S. efforts.

This message will be repeated by others, including Lord Carrington, who as British Foreign Secretary will accompany Mrs. *Margaret Thatcher, the British* Prime Minister, on a visit to Washington next month.

The Ten are devoting great attention to the Middle East, but are still far from producing any concrete proposals. The aim of Mr. van der Klaauw's travels will be to identify more precisely than hitherto Arab-Israeli thinking on Palestinian self-determination, withdrawal from occupied territories, security, and the status of Jerusalem.

In the next few weeks, the Dutch Minister is expected to see Mr. *Chedli Klibi, Secretary*-General of the Arab League in Tunis, then to go to Israel, including the West Bank. Thereafter he visits the Lebanon—where he will also meet Palestine Liberation Organisa*tion representatives — Syria,* Egypt, Jordan, Iraq, Algeria, Morocco, Tunisia, Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

Swedish discount rate up 2%

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S Riksbank (Central Bank) is raising its discount rate from 10 to 12 per cent today, in an effort to halt speculation on a devaluation of the *krona, which in turn has* prompted a flight of currency from the country in recent days.

The rise in interest rates is accompanied by other monetary measures restricting the banks' lending and earnings capacities. *The Stockholm Stock Exchange* reacted yesterday with a 4.1 per cent fall in the general index, knocking some SKr 2.5bn (£234m) off the value of listed shares.

Mr. Lars Wohlin, Riksbank governor, justified the tightening of the monetary screw by referring to the continuing *growth in Sweden's current* account deficit and "the movement of capital abroad which has recently reinforced the outflow of currency."

The Riksbank reports a *"currency outflow" of SKr 584m* in the second week of January, which would have been SKr 257m higher but for an allotment of Special Drawing Rights from the International Monetary Fund. The outflow has continued at a *high level in* the past few days.

Speculation that the krona would be devalued is understood to have intensified after the Government published the budget for 1981-82 and the finance plan for 1981 on January 12. These forecast a growth in the current account *deficit to SKr 22.8bn this year* and another rise in the budget deficit to SKr 64bn.

By raising the discount rate, the Government is signalling its determination not to devalue at *least before the outcome of the* 1981 national pay negotiations is known.

The Riksbank has also raised from 13 to 17 per cent the penalty interest rate at which it will lend to the banks. The cash reserve requirements for the commercial banks go up from 2 to 4 per cent.

The highest average lending rate for banks is fixed at 4 per cent above the discount rate, and the Riksbank will ask the Government to give it statutory powers to limit the increase in bank lending to an annual rate *of 5 per cent.*

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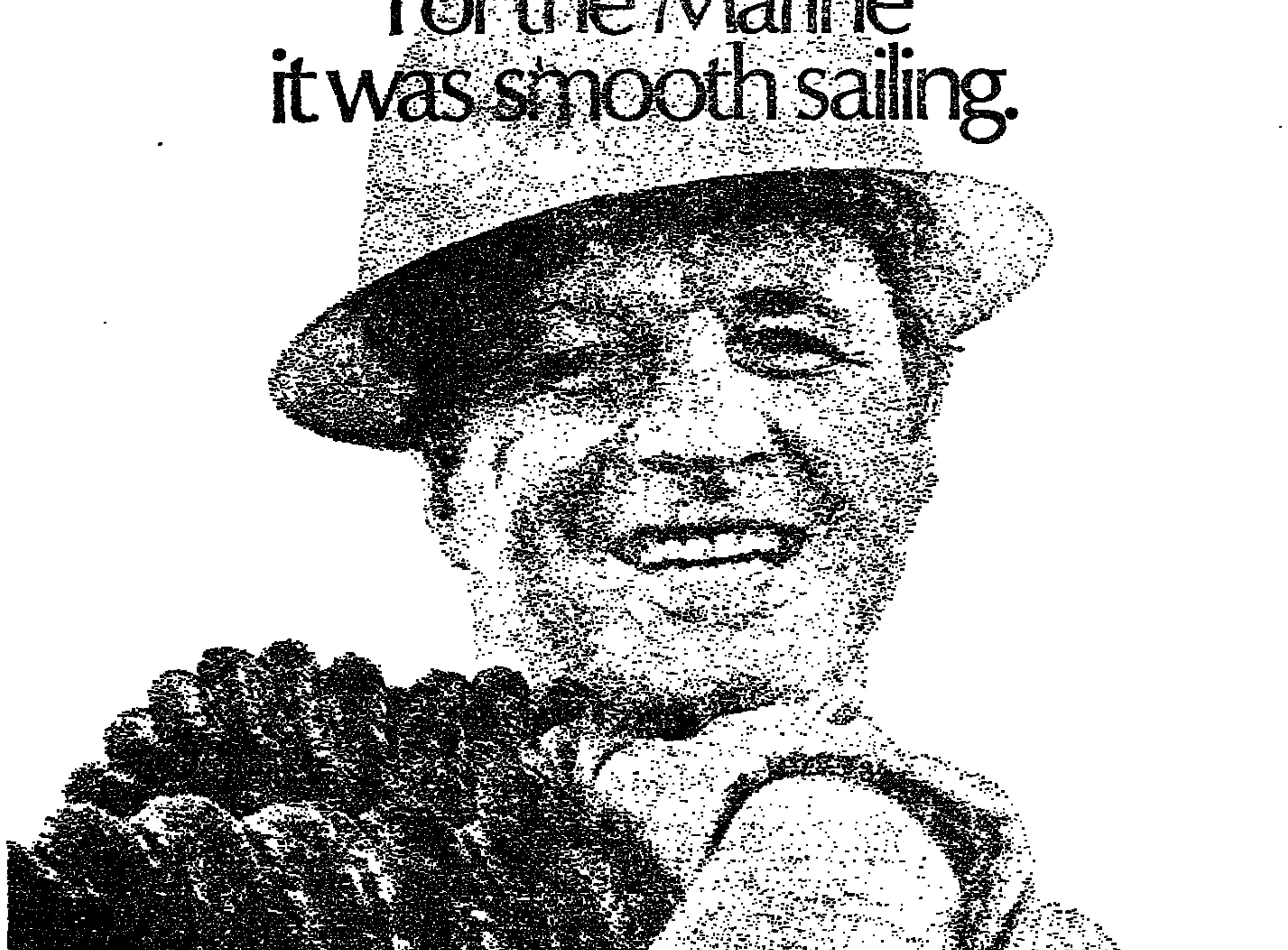

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Portugal unions put pressure on Premier

The Communist-dominated General Confederation of *Portuguese Workers* has called for co-ordinated industrial action if the new Government headed by Sr. Francisco Pinto Balsemao fails to meet demands for greater buying power, Diana Smith reports from Lisbon.

The executive of the confederation is holding meetings this week to decide on forms of action.

The move comes as the Government's programme is under debate in Parliament. Already, Communist Deputies have attacked the Administration's proposals gradually to restore the market economy *and pare the costs of the* cumbersome state-owned sector.

Hungary prices up

Sweeping price increases affecting petrol and a wide range of consumer goods and services came into force in Hungary yesterday, Paul *Lendvai reports from Vienna.* They are the steepest since mid-1979, when food prices went up by 20 per cent.

The new measures include a 30 per cent increase on the price of petrol, with flour up 7 per cent, postal fees up 90 per cent, and telephone calls up 50 per cent.

Turkey arrest orders

A military court in Istanbul *has issued arrest warrants for* 223 leftist union members, on charges of seeking to "establish a Marxist-Leninist" régime in Turkey, AP reports.

Officials said the military prosecutor will also file charges against 2,000 union members linked to the leftist DISK group

Bonn cuts oil import

West Germany cut its oil im*ports by 9 per cent to 97.95m* tonnes last year, but its oil bill rose to DM 44.7bn (£9.9bn) from DM 29.8bn, the Federal Office for Trade and Industry said, Reuter reports from Frankfurt.

Provisional figures based on import control reports show Saudi Arabia supplied 24.57m tonnes, compared with 17.92m in 1979.

Libya maintained second place with 14.87m tonnes *against 17.34m. The UK* moved into third place with 14.62m tonnes against 11.80m.

Irish pounds plea

The European Commission *has been trying to persuade* banks and exchange bureaux in main cities of the Common Market to accept Irish pounds, but cannot force them to do so, it said yesterday, AP-DJ reports from *Brussels.*

In a written reply to an Irish member of Parliament, the Commission acknowledged the difficulties some Irish nationals have encountered trying to exchange Irish currency notes in other EEC countries. This was largely because the Irish punt "is *new in international* exchanges, and the circulation of Irish currency outside of Ireland is extremely thin," it said.

Strike hits Alitalia

Pilots taking part in the second day of a scheduled seven-day walkout hit Alitalia services yesterday forcing the State-owned airline to cancel all but one international *flight and 90 per cent of* domestic ones, AP reports from Rome.

The independent pilots' union ANPAC has called the strike to back demands for a new contract that would provide pay *rises, which would* almost double salaries and benefits. Sig. Franco Foschi, Labour Minister, is due to meet union and management representatives to try to end the strike.

Swiss trade deficit

The Swiss foreign-trade de*ficit reached a new record of* SwFr 11.25bn (£2.6bn) last year, compared with a previous peak of only SwFr 7.57bn in 1974 and a 1979 deficit of SwFr 4.71bn, John Wicks reports from Zurich.

While the value of imports rose by 24.9 per cent and that of exports by 12.7 per cent over 1979 figures. This increase was due primarily to a sharp upswing in prices. In real terms, imports went up by only 3.5 per cent and exports by 1.7 per cent during the year.

The sudden widening of the trade gap means Switzerland will have to record its first deficit on current account in 15 years. This is likely to be at least SwFr 1bn.

Blackouts hit Italy

Blackouts halted industrial plants for several hours throughout Italy yesterday, as the State company, ENEL, announced a nationwide emergency for the second day, AP reports from Milan. ENEL blamed sharply increased demands for electricity due to unusually cold weather. The company warned that more blackouts are likely to occur.

Washington 'close to deal' on Algerian gas supplies

BY FRANCIS GHILES

ENERGY OFFICIALS in Algiers and Washington anticipate a successful conclusion to the nine months of protracted talks between Sonatrach, the Algerian state oil and gas company, and the U.S. over supplies of Algerian liquefied natural gas (LNG) to the U.S.

U.S. buyers of Algerian gas are expected to pay about $4 per million British Thermal Units (BTU) for the gas they buy—in effect double the figure they paid until Algeria ceased supplying LNG last spring.

Sonatrach had been tied into long-term supply contracts with *the U.S. and France.* It cut off supplies to these customers in an attempt to bring the price of gas into line with that of crude oil. Had it succeeded with this strategy, its largest U.S. customer, El Paso Gas of Texas, would have had to pay around $6 per million BTU, more than treble the price it was paying under the terminated agreement.

The U.S. negotiators — the Federal Energy Commission rather than the private companies — vigorously resisted such large increases as these *would have had an inflationary* impact on the price of Mexican and Canadian gas, the two largest foreign suppliers to the U.S.

Last autumn the British Gas Corporation agreed to pay *Algeria $4.60 per million BTU* for the small supplies of LNG it receives, and Gaz de France is believed to be paying $3.70, though Sonatrach continues to bill the French company for a higher figure.

French negotiators have been told that if Gaz de France does not agree to further increases *in the price of the gas it buys* from Algeria, then Sonatrach will restrict the amount of crude oil that Compagnie Francaise des Petroles lifts in Algeria from between 6-12m tons in 1980, to 3m tons in 1981.

While shipments of gas to the U.S. have been halted for more than nine months, they were resumed to France on a regular basis last summer. In the months when Algeria was shipping gas to neither France nor the U.S., *Sonatrach is estimated* to have lost $2 mn a day.

The much healthier state of *the* country's hard currency reserves meant that Algeria did not feel the pinch too badly. If M. Belkacem Nabi, the Algerian Minister of Energy, succeeds in getting his major foreign clients to pay more than *$4 per million BTU for the LNG* they buy by late spring, he will be able to claim that Sonatrach has achieved most of what it set out to do.

Congress review of Australian loans

WASHINGTON — U.S. Export-Import Bank loans totalling $290m to Ansett Transport Industries, an Australian airline controlled by Mr. Rupert *Murdoch, are set for another* review by the House and Senate Banking Committee in the U.S. Congress.

Proposed Eximbank financing for Ansett's purchase of 18 Boeing jetliners, costing about *$442m, was a controversial* issue in a Senate Banking Committee inquiry last year, after stories were published alleging that Mr. Murdoch, the Australian financier and newspaper publisher, was promised unusually low-interest *rates by the U.S. export* credit agency in exchange for a New York Post political endorsement of President Jimmy Carter before the New York state presidential primary election.

Mr. *Murdoch* subsequently endorsed President Ronald Reagan, the Republican candidate, in his victorious U.S. general election campaign.

Eximbank officials denied last year that there was anything improper about the Bank's approval of a "preliminary commitment," sought by Boeing, for Eximbank financing of the sale of nine Boeing 737 airliners, four 727 aircraft and five 767 aeroplanes and related equipment to Ansett Transport for its scheduled routes in Australia and to other destinations.

Now the $290m in direct Eximbank loans at interest rates ranging from 8 per cent to 8.4 per cent a year, are coming up for final approval by the Eximbank's board of directors, a national advisory council of international financial affairs which will be headed by Mr. Donald Regan, the new U.S. Treasury Secretary in the Reagan Administration, and by the House and Senate Banking Committees.

AP-DJ

China given W. German ships order

By Tony Walker in Peking

CHINA has announced it will build four 12,300 ton container ships for two West German shipping companies — Peter Dohle and Reederei Klaus E. Oldendorff.

The contract was signed this week by the China National Machinery Import and Export Corporation and the two com*panies. The ships* will be built at the Shanghai shipyard, one of China's major shipbuilders.

The ships are due to be delivered by the end of June 1983. They will be designed by the West German companies, and many of the fittings will be imported. No details were given by the Chinese of the cost or financing arrangements for the four ships.

Meanwhile, in Canton this week, Sir Yue-Kong Pao, Hong Kong shipping magnate and chairman of the International United Shipping and Investment Company Limited, a joint venture with China, signed contracts for two 36,000 ton-class bulk carriers.

Sir Yue-Kong's own company, Worldwide Shipping Group, last year ordered six bulk carriers to be built at Chinese yards.

Singapore Airlines faces prosecution over tickets

BY COLIN CHAPMAN IN SYDNEY

THE SOMEWHAT testy relationship between Australia and Singapore has been put under further strain by the decision *of the Australian Government* to prosecute Singapore Airlines (SIA) for discounting airline tickets below the agreed rates.

SIA has been summoned to appear in court in Hobart, Tasmania, at the end of February on 14 charges under the Air Navigation Act, which provides for a penalty of up to one year's *imprisonment for the respon*sible official, and a fine of A$1,000 (about £500) for each offence.

The prosecution has a special piquancy, since the Australian Government's own airline, Qantas, has an established reputation in Singapore for offering the best discounts on travel *between Singapore and London,* well below the official rates.

Of more significance, perhaps, is the fact that Australian protectionism against imports from Singapore, and the country's aviation policy, has been *criticised repeatedly* by Prime Minister Lee Kuan Yew.

Yugoslavians buy Norwegian rig

THE Norwegian drilling rig "Gulnare" has been sold to INA Naftaplin of Yugoslavia for $80m (£35m) for use in the Adriatic sea, AP-DJ reports from Oslo. The rig, which is of the French Pentagone type delivered by Compagnie Francaise d'Enterprise Metalliques *in 1977, will be delivered to the* new owner in November.

AUSTRO-SOVIET TRADE

Pact may help cut deficit

BY PAUL LENDVAI IN VIENNA

A TEN-YEAR agreement on economic, technical and industrial co-operation was signed in Moscow yesterday which envisages major bilateral contracts and joint projects in third countries.

Although no concrete deals were *concluded. Austria's Trade* Minister, Dr. Josef Staribacher, returned confident that Austria's trade deficit with the Soviet Union would be reduced.

He was also assured that hitches in Soviet natural gas *supplies to Austria* have been due only to severe weather conditions and that the shortfall will be made good.

Mr. Josef Staribacher

Once regarded by some economists as a significant prop to employment, trade with the Soviet Union has become a major headache both for the Government and the business community.

In the first 10 months of last year, Austrian exports to Russia dropped by Sch 150m to Sch 4.83bn (£150m) against the same period in 1979 while purchases from the Soviet Union *rose* by Sch 3.2bn *to* Sch 11bn. This means that the visible trade deficit more than doubled to Sch 6.3bn.

Austrian economists point out that, before 1973, the year Austria agreed to the transition *from bilateral clearing accounts* to payments in hard currency on a normal commercial basis, the Austrian deficit was never more than Sch 1bn.

From 1975 to 1979, however, the adverse balance totalled Sch 16bn and last year's figures indicate a further turn for the worse with the highest ever *trade deficit with the* Soviet Union.

One of the reasons for the lopsided balance *is evidently* the rapid rise in the fuel bill which accounts for 75 per cent of Austria's purchases from Russia.

While the Soviet Union's share of Austrian imports *overall* is about 4 per cent, its stake in fuel imports reaches 22.7 per cent. They include 1.7m tons of *crude oil a year* and 2.9bn cubic metres of natural gas as well as coal and iron ore.

Rather than *the size of the* fuel bill, it is the failure of the Russians to spend their export earnings in schillings on purchases of Austrian products which is deeply and publicly resented here.

The Russians *spend about* 40 per cent of their intake from Austrian on purchases elsewhere in the West. They promised to increas their imports when Dr. Bruno Kreisky, the Austrian Chancellor, visited President Brezhnev two years ago. In particular they dropped heavy hints about forthcoming large orders.

Almost three years later, the Austrians have still not received a single major order and two large contracts for paper-making machinery and engineering plants, repeatedly discussed with Austrian delegations, have been awarded to other Western companies. Austria has not *had a large Soviet* order for a decade.

It is against this background that the controversy over an Austro-Soviet agreement, concluded last March, and providing a Sch 10bn credit line, must be seen.

It is now expected that the Soviet Union will use the credit line in three instead of the originally projected five years for buying Austrian-made steel pipes, sheets and ships. Austrian economic commentators sharply criticised the granting of credits for a customer which has an excessive and steadily rising surplus in bilateral trade.

The *finance problem* also looms large on the horizon of the long drawn out talks about increased Soviet gas deliveries for Austria. Austria would like to receive extra deliveries of 3bn cubic metres a year *through the planned Soviet*-West European gas deal but price remains a major problem.

Meanwhile, Austrian economists and businessmen are concerned about the apparently irreversible deterioration of the trade balance. Last year only 2.6 per cent of the Austrian exports went to the Soviet market. Nevertheless it is still the country's sixth most important market, ahead of France, the U.S. and Sweden. *But it is* also true that Austria's share in terms of aggregate Western exports to the Soviet Union has fallen from 4.5 per cent in 1965 to an estimated 2.4 per cent in 1980.

It is hoped that the trade minister's mission will give a much needed push to Austrian sales.

A long-term co-operation programme, to be signed during his visit, contains also lists of possible projects. Furthermore, the Austrian side seeks to conclude a deal which could involve using Austria as the key link in connecting the Comecon power grid from Budapest to Vienna and thus also to Italy, Switzerland and West Germany.

Details of the financing, technology and exchange of electricity should be discussed during the visit. But most Austrian observers agree that a *thorough reappraisal of the* Austrian exports structure and change of export priorities, coupled with *more sophisticated* buy-back arrangements are needed if this small neutral country wants to hold its own on the Soviet market which has become much more competitive.

Canada threatens to withdraw Chrysler backking

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Government is threatening to withdraw its guarantees for loans of C$200m (£70m) to Chrysler Canada if the car maker does not keep its promise to invest C$1bn (£350m) in its Ontoria plants by 1985.

If the guarantee is withdrawn, Chrysler Canada and its U.S. parent may be forced to seek backing elsewhere, which would complicate the company's current effort to obtain another US$400m (£174m) in aid from the Chrysler Loan Guarantee Board in Washington.

Chrysler Canada officials said yesterday they understood the U.S. loan board had set a continuing accord with Canada as one of the conditions for further assistance.

Mr. Gray: ultimatum on new investment

Mr. Herbert Gray, the Canadian Federal Industry Minister, whose constituency is in the Windsor area, where most of the plants are located, told the company this week that it must follow through with the investment programme or forfeit the C$200m £70m of loan guarantees made as part of the rescue of the whole Chrysler group last year.

Chrysler Canada wants to trim back the programme by C$400m, (£174m) but Mr. Gray said that if the company persisted the Government could withdraw the guarantees.

The problem Mr. Gray faces is that the proposed Chrysler Canada cutback would eliminate plans to produce a new front wheel drive car in Windsor to replace the Omni Horizon by 1985. This car is viewed as the only prospect of modernising Chrysler Canada and securing the company's longer-term future.

The C$200m (£70m) loan guarantee last year was intended to cover assembly of a sized-down van at Windsor and improvements in three other Chrysler Canada plants.

Mr. Gray is due to meet Chrysler Canada officials in about two weeks, during the grace period the U.S. loan board has given the parent company to secure agreement with all parties involved.

Trudeau allocates £122m to hard-hit communities

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government has announced if will spend CS350m (£122m) over the next three years to promote industrial restructuring and to help displaced workers in communities hard hit by lay-offs.

The Trudeau administration's budget in October promised to provide a special allocation in support of industrial restructuring and manpower retraining in needy areas. The new announcement represents an implementation of that promise.

The principal focus of the programme will be a series of special community-based measures. These will be made available in communities designated by the Cabinet as having experienced large-scale unemployment due to industrial dislocation.

In two weeks the Cabinet is expected to designate five or six communities as the first to qualify under the programme. Windsor, Ontario, a one-industry city manufacturing cars, will be one of the first to be listed.

Mexican peasants end oil fields blockade

BY WILLIAM CHISLETT IN MEXICO CITY

ABOUT 15,000 rural workers in Mexico's oil-rich state of Chiapas have ended a blockade of the country's major oil fields and a giant petrochemical complex and agreed to negotiate a settlement of their grievances against Pemex, the state oil concern.

The peasants blocked the entrance to the Cactus petrochemical complex and to oil fields for two days in protest against the arbitrary way in which they say Pemex is taking over their land and contaminating the area. They are demanding that Pemex indemnifies them.

Agreement between the two sides was reached late on Monday. The peasants, who claim that their cattle have been killed by polluted water, agreed to give Pemex 30 days to produce a satisfactory settlement. Failing this, they are threatening to take similar action again.

Oil and natural gas production was affected, but Pemex has not disclosed the losses.

The Cactus complex produces about two-thirds of Mexico's natural gas and 300m cubic feet a day of natural gas are exported to the U.S. The oil fields in the area produce about half Mexico's total daily production of 2.3m barrels a day. The rest comes from offshore fields.

The battle between Pemex and the peasants dates from 1976 when the company, realising the tremendous oil wealth in the area, decided to boost production.

New York mayor calls drought emergency

BY IAN HARGREAVES IN NEW YORK

MAYOR EDWARD KOCH of New York has declared a drought emergency in the city, asking business to cut its water consumption by 15 per cent and residential users by 25 per cent.

The mayor's action puts New Yorkers onto the same footing as residents in neighbouring New Jersey, where a drought emergency has been in operation for several weeks.

Many other parts of the country, including California and other western states, have also suffered a much lighter snowfall than usual on higher ground, causing anxiety among farmers about possible frost damage to winter crops.

A mandatory ban on non-essential uses of water has also been imposed on the 7.5m people in the states of New York, New Jersey, Pennsylvania and Delaware who use water from the Delaware River basin. Reservoirs in the basin are filled only to 30 per cent of capacity, compared with a normal mid-January level of 85 per cent.

New Yorkers have been made aware of the water shortage in a series of showbiz-style antics by the mayor since last autumn. Mr. Koch banned the automatic provision of water in restaurants, a custom in most parts of the U.S., and appointed a group of children "assistant mayors for water conservation."

But the drought emergency is the first serious move, banning car-washing in the street, ornamental uses of water and establishment of a three-phase conservation programme. This programme will eventually require business to file conservation plans with the city authorities and face fines if they do not save water.

That is, of course, unless it rains first. New York is estimated to have about three months' supply before the position become sufficiently desperate to require the pumping of water from the River Hudson and the use of a mothballed pumping station.

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Economic renewal is Reagan's goal

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. REAGAN, sworn in as 40th President of the United States, promised yesterday to lead the nation on a course of national economic renewal by freeing the genius of American people from the yoke of Government.

Paraphrasing Winston Churchill in his inaugural address, he declared: "I did not the oath I have just taken with the intention of presiding over the dissolution of the world's strongest econofy."

Having thanked President Carter for facilitating a smootr transition to power, his address with its heavy concentration on economic problems, proceeded in the vein Mr. Reagan so successfully employed in defeating Mr. Carter last November.

Without going into the specifics of policy, Mr. Reagan said that the U.S. was confronted with a neconomic affliction of great proportions. "Sustained inflation, "he said," threatens to shatter the lives of millions of our people.

We must act today in order to preserve tomorrow. And let there be no misunderstanding—we are going to act beginning today.

As an earnest of that intention, Mr. Reagan, in his first formal act as President, immediately signed an executive order putting a freeze on non-military Federal hiring.

"In this present crisis," he said, "Government is not the solution to the problem: it is the problem." This is a refrain Mr. Reagan has used throughout his political career.

"It will be my intention to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the states or to the people. All of us need to be reminded that the Federal Government did not create the states, the states created the Federal Government."

Mr. Reagan promised specifically to reduce the tax burden. He also promised that all Americans should share in economic revitalisation and that no barriers should exist out of bigotry and discrimination.

"Progress," he said, "will be slow, measured in feet and inches, not miles. But it is time to reawaken this industrial giant, to get Government back within its means and to lighten our punitive tax burden. These will be our first priorities and on these principles there will be no compromise."

Mr. Reagan added: "Our reluctance for conflict should not be misunderstood. When action is required to preserve our national security, we will act. We will maintain sufficient strength to prevail if need be."

The President's speech was so taken up by economic themes, interwoven with evocations of patriotism, that he devoted little to foreign affairs.

He reassured "neighbours and allies who share our ideal of freedom" of closer ties and warned "enemies of freedom" that the U.S. would always pursue the goal of peace. "We will negotiate for it, sacrifice for it, but we will not surrender for it—now or ever."

In sharp contrast to Mr. Carter's address four years ago, Mr. Reagan made no mention of control of nuclear weapons. But, in fairness, it has been clear for some time that he sees his first priority as restoring the domestic economy—and that is what dominated the inaugural

Most of Cabinet expected to be confirmed by Senate this week

BY DAVID BUCHAN IN WASHINGTON

VIRTUALLY all President Ronald Reagan's Cabinet should be in office well before the end of this week, Senator Howard Baker, the Republican majority leader, said yesterday. He announced plans for full Senate votes today on as many of the 17 Cabinet-level nominees as possible.

The one exception is Mr. Ray Donovan, the Labour Secretary-designate, who is still under investigation by the Senate Labour Committee, following reports that a New Jersey building company which Mr. Donovan headed was involved in pay-offs to trade unions to secure their co-operation.

Sixteen other Cabinet members or those with Cabinet rank such as the Ambassador to the United Nations and the Special Trade Representative have won approval from the relevant Senate committee, their first and most serious hurdle to full confirmation in their new jobs.

Republicans now have a majority, 53 seats, in the Senate, and there is no question that all those Cabinet nominees who have cleared their respective committee hearings will not win approval on the floor of the upper house.

But at least a handful of liberal Democrats are expected to vote against the appointment of Mr. Alexander Haig as Secretary of State. A foretaste of this came last week in two negative votes cast in the Foreign Relations Committee against the former commander of the North Atlantic Treaty Organisation.

The examination of Mr. Haig is still technically open because of the committee's subpoena, inspired by Democrats, for summaries of past recorded conversations between ex-President Nixon and Mr. Haig when he was White House chief of staff in the Watergate years.

This has left a small cloud hanging over Mr. Haig. But it now seems the Foreign Relations Committee will be forced into a quick decision—either to drop its request for the Nixon-Haig summaries or to go to court to get them.

Mr. Robert Warner, director of the National Archives, where the Nixon tapes are stored, has told the Senate panel that he agrees with Mr. Nixon's legal objections to release of the summaries.

The appointments of Mr. Haig, Mr. Donovan, and Mr. James Watt (to be Interior Secretary)—in Mr. Watt's case, because of doubts about his environmental credentials—have al come under some fire from Democrats, who for the first time in 26 years find themselves in a minority in the Senate.

But Mr. William French Smith, the Attorney-General-designate, has also had to weather pointed questioning by Democrats over his personal associations with Mr. Frank Sinatra.

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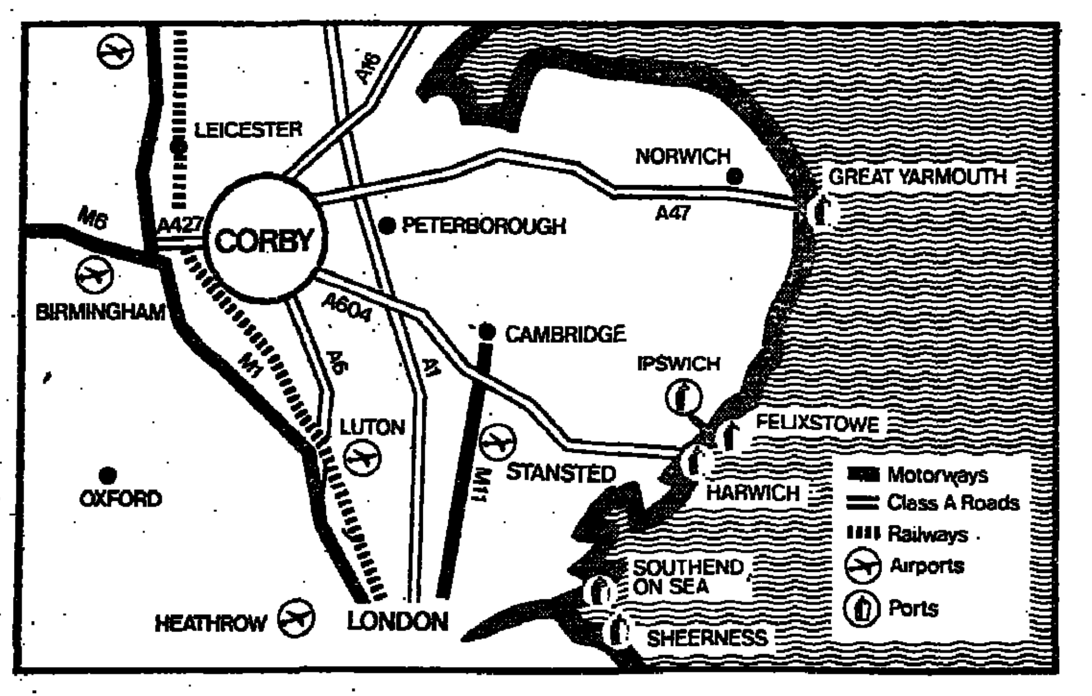

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CORBY WORKS

Alan Pike on proposed joint ventures by BSC and the private sector

Phoenix hopes to forge a new life for steel

PROPOSALS FOR joint companies to be formed by the *public and private sectors of* the British steel industry have been codenamed Operation Phoenix, after the legendary bird *which burns itself to ashes* and then emerges with new life.

But just as agreement draws near on the first Phoenix project the ashes have again burst into flame.

The Government will announce its decision on the British Steel Corporation's plan in the context of a wider review of the steel industry early next month.

Unless there are any last-minute accidents, it will be able to announce the foundation of a joint venture between the British Steel Corporation and GKN, the largest independent producer, which will rationalise production and resources of steel billets, reinforcing bars and wire rods.

Agreement on this project — under negotiation for more than a year — will be a political *prize for the Government* at a time when it will have to accept the continuation of substantial State aid for BSC.

But the BSC-GKN project, codenamed Phoenix 1, and a much more ambitious Phoenix 2 on which discussions are continuing between BSC and several *companies*, have split the private steel industry.

The Government sees the projects as a way of introducing more private-sector influence in areas where it overlaps with BSC. *But private companies* such as Sheerness Steel—which has resigned from the British Independent Steel Producers Association in protest against the negotiations that other member companies have been conducting on the Phoenix projects—believe the proposals will increase the State sector's influence and reduce competition and customer choice.

Phoenix 1 involves GKN's works at Tremorfa, Cardiff, and BSC production facilities on Humberside. There is surplus capacity in billets, bars and *rods, and Mr. Ian MacGregor,* BSC chairman, has to some extent anticipated the success of negotiations on the project by deciding under his corporate plan to close the number 1 rod mill at Appleby-Frodingham, Scunthorpe.

The Government has insisted that any new company should reflect greater private sector control. With negotiations on Phoenix 1 well advanced, however, *it appears unlikely that* the new company's financial structure will demonstrate the straightforward 51 per cent private sector stake which some Ministers would like.

But it will be established as an independent company, meeting the criterion that control is not in the public sector.

Phoenix 2, a bigger project, is an attempt to rationalise production in engineering steels. Proposals have been before the Department of Industry for *some weeks but it is doubtful* whether enough progress will be made in time for a firm announcement when the Government reaches decisions on the BSC plan next month.

In addition to BSC, the big steelworks involved in this project are:

- GKN's Brymbo works near Wrexham
- Duport's mills in South Wales
- Round Oak (a jointly-owned BSC-Tube Investments operation in the West Midlands)
- Hadfields (part of Lonrho) in *Sheffield.*

The problems that Pheonix 2 is designed to tackle are in *many ways far more urgent than those facing Phoenix 1.* Although much of the steel output from such companies as GKN and Duport goes to meet their own engineering needs, the engineering industry, like steel, is severely depressed. Many private steelworks are operating on extremely poor *levels of loading and face acute* financial problems.

One estimate in the industry calculates that BSC and the companies most likely to join it in a rationalisation project have a capacity of 4.3m tonnes and a current need of little more than 2m.

Even *allowing for future* improvement in demand, this points to substantial overcapacity. But at this stage the attempts to create Phoenix 2 become a microcosm of the *problems facing the European* steel industry: everyone agrees there is too much capacity, but no one wants to be the first to pull out.

Mr. Derek Norton, chairman of Hadfields, urges rapid action to bring Phoenix 2 to life. "*There is overcapacity, and* private companies face great difficulty competing with a heavily-subsidised BSC. Action on rationalisation must be taken quickly — for some companies there isn't too much time."

Mr. Clancy Schueppert, chief *executive of Sheerness Steel,* agrees about the problem of competing with BSC. "Steel is selling for £200 per tonne on average and BSC is subsidised up to £80 or £90 per tonne. It is difficult to compete with this, however efficient you are."

But Mr. Schueppert disagrees that the solution is for the private sector to become more closely involved with the opposition. Although aware of the *difficulties of going on alone in* present market conditions, his company has refused to take part in talks on any joint venture with BSC. "It will be bad for the private sector and very bad for steel consumers if some form of semi-state sector is set up alongside BSC," he said.

If all the companies named as possible partners with BSC in Phoenix 2 actually become involved in a firm project—and some smaller ones could be drawn in as well—the only sub*stantial outsiders would be the* Norwegian-owned Manchester Steel and the Greek-controlled Alpha.

This could transform the British steel industry, and Mr. Schueppert, having left BISPA in despair at what his former *partners are thinking of doing,* is already looking for new alliances elsewhere.

Sheerness Steel and Alpha were represented at a meeting last week which also included private steelmakers from Belgium, Germany, France and *Italy. The object was to plan a* strategy to attack further State encroachment in the European steel industry and ensure a continued role for the independent producer.

Fear for seals in CEGB plan

CONSERVATION groups will try to prevent a nuclear power station being built near the breeding grounds of the Cornish grey seal. Greenpeace is supporting the campaign.

The Central Electricity Generating Board has said it *will carry out a hydrographic* survey which could lead to development of the site at Portreath.

Government to assess future of fibres plant

By Our Belfast Correspondent

THE GOVERNMENT is expected to call in independent consultants to help it to assess British Enkalon's plan for the survival of its fibres plant in Antrim, Northern Ireland.

The company hopes to continue and even increase production of carpet yarn after Monday's announcement of 800 redundancies among the labour force of 2,000.

The company will be pulling out of textile and industrial yarn manufacture as part of the widespread reduction in European capacity undertaken by Enka, the fibres end of the Akzo chemicals group.

Mr. Adam Butler, Northern Ireland Minister, will shortly have before him British Enkalon's proposals for the future of the 1,200 workers at Antrim. It is believed they could involve a substantial amount of public money.

The Northern Ireland Department of Commerce said yesterday the outcome of talks with the company would depend on the commercial prospects for a carpet yarn operation, the degree of support offered by the parent company, and the level of Government assistance needed.

BL restructures commercial unit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL HAS restructured its commercial vehicle operations in Britain. The three main product groups — trucks and agricultural tractors, buses, and parts — will be developed as distinct units, each with a managing director.

This separation will make it easier for the performance of the individual units to be assessed.

The reorganisation follows the departure last week of Mr. David Abell, former managing *director of all BL's commercial* vehicle operations, to concentrate on his private interests.

It bears the stamp of Mr. David Andrews, executive vice-chairman of BL, whose power base in the group has been extended by the restructuring. He has also become chairman of the Leyland Group, the new organisation to control commercial vehicle operations at home and overseas.

He has long favoured splitting the UK commercial vehicle operations along the lines of BL's car business as has now been done.

The managing directors of the three product groups will concentrate on specific areas while Mr. Andrews and the managing director of the Leyland Group, Mr. Ron Hancock, will deal with the broad strategy.

Only one former Leyland Vehicles' director is not included in the reshuffle. He is Mr. Frank Andrew, former sales and marketing director and a direc*tor of BL International.*

A BL spokesman said last night: "Mr. Andrew is out of the country on business. We value him tremendously and have been having discussions with him about various possibilities."

The appointments announced yesterday included Mr. Peter Capon as managing director of Leyland Trucks. He was previously general manager of the *heavy vehicle division.*

Mr. Ken Maciver, former general manager of Leyland's passenger vehicle division, becomes managing director of Leyland Bus.

A managing director for Leyland Parts has still to be announced but will probably come *from* within the group.

Concorde Atlantic flights earn £4m surplus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS will earn a surplus of £4m on its Concorde operations across the North Atlantic this financial year, and hopes to improve on that in 1981-82.

The airline also said yesterday that it would introduce stand-by fares each way on the Concorde London-New York route.

The current London-New York Concorde *single fare* is £837 and the stand-by will be £675, the normal first-class single fare on subsonic jets.

From New York to London, the Concorde single rate is $1,541, and the stand-by rate will be $1,243, also the subsonic first-class rate.

This means that a businessman who is already paying for a first-class subsonic flight can take a chance and seek a Concorde stand-by *if* he chooses.

On the London-Washington route, the surcharge that makes *a supersonic flight* up to 20 per cent more expensive than normal first-class travel will be cut from March 1. The precise reduction has not yet been worked out.

As well as these fare inducements, British Airways will also retain the concession whereby anyone buying a full fare on Concorde, can take a member of his family at half price. The concession will apply *during the* summer on flights between London and both Washington and New York.

Announcing the new inducements, Mr. Gerry Draper, director of commercial operations, said Concorde had been flown by more than 350,000 British Airways passengers since the London-Bahrain service began on January 21, 1976.

There was no question of BA suspending its Concorde operations. "On the contrary, we are examining ways of expanding it," said Mr. Draper.

"*We are looking* at Miami, Lagos and a point in the Middle East as possible Concorde destinations."

British Airways flies 10 times a week each way between London and New York, but plans to increase this to 14 in spring.

Airlines push for cheaper fares to Australasia

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FIGHT for cheaper air fares to Australia starts in London on February 2, when the Civil Aviation Authority starts public hearings into bids by British Caledonian Airways and Laker Airways for such flights.

The authority is allocating 13 days for the hearing, until February 20, so extensive is the expected volume of written and oral evidence.

British Caledonian is seeking rights from points in the UK other than Heathrow, to "points in Australia"—understood to include Sydney, Melbourne, Brisbane and Perth. Stops are included in the Middle East, India, Burma, Malaysia and Singapore.

Laker Airways is also asking for rights to Australia and/or New Zealand, with stops in Europe, the Middle East and South-East Asia, including Hong Kong.

Laker is also asking for major variations in the licences held by British Airways on its routes to Australasia and the Far East and Africa, to permit competition.

Laker also seeks to fly across the Pacific between Australia and Los Angeles, San Francisco, Honolulu and Fiji.

British Airways has filed objections to all these bids to have the independents on its routes, while the two independents are also objecting to each other's applications.

Thus, the scene is set for a classic battle between the British airlines to spread cheap fares to the Australasian routes in the same way that they now dominate the transatlantic route.

Museum gets Runcie's car

THE Morris Minor 1,000 which formerly belonged to the Archbishop of Canterbury and then successfully completed a tough 3,000-mile Himalayan rally, was officially handed over to the National Motor Museum yesterday.

Lord Montagu of Beaulieu was given the keys of the blue 1967 Morris, which has clocked only 23,000 miles, by *Mr. Philip Young, Editor of* Collectors' Car magazine.

It was used by the Archbishop, Dr. Robert Runcie, and two of his predecessors as a staff car, before being bought by Lord Montagu for £2,000.

During the rally the car was driven over a tortuous course by Mr. Young and his co-driver, the Rev. Rupert Jones. It won its class and at one stage overtook a Mercedes sports car.

Motorway's final route south of London fixed

BY LYNTON McLAIN

THE FINAL route of the last *section south of London of the* M25 orbital motorway, which is planned to circle the capital by the mid- to late 1980s, has been fixed by the Government.

Just under nine miles of the 120-mile M25 project, to full motorway standard, are to be built *between* Swanley and Sevenoaks, in Kent.

Proposals by objectors of a £20m tunnel along part of the route were rejected by the Government.

Mr. Kenneth Clarke, Parliamentary Under-Secretary for Transport, who announced the decision yesterday, said: "Many people are understandably concerned at the intrusion of a new road into this very attractive area of countryside, which has a landscape and recreational value and a famous association with Samuel Palmer, the painter."

The Government, however, had accepted *the report of Mr.* George Dobry, the independent inspector, that the route should follow the line recommended originally, *but that plans* for side roads should be modified "to meet certain objections."

Mr. Clarke accepted that the decision was a particularly sensitive one, but the M25 was the Government's first priority in the national trunk road programme.

The M25 will cost the taxpayer over £600m by the time the last section comes into use in 1986. Nearly 58 miles of the motorway are now open or under construction.

Last September the Government awarded contracts worth £67m to Costain Civil Engineering and Balfour Beatty, for a further 12 miles of the proposed M25 orbital motorway.

Can you win if you come in third?

In a comparative study of railways in nine Western European countries, in terms of productivity* per man, Holland was first, Sweden second and Britain third.

Holland and Sweden, however, have much smaller and more modern rail networks than Britain.

Therefore, if we look at the 'big league' railways, Britain actually was number one.

Victory? Sadly, no. For this bare statistic, though well worth stating, does not reveal the whole picture. There is much room for improvement.

THE PAY AND PRODUCTIVITY DEAL OF MAY 1980

This fact was recognised in the Pay and Productivity Deal of May 1980. This far-reaching deal, concluded with the three rail unions, recognised the need for change in many sectors of British Rail's activities.

Described by a top union leader as "One of the toughest sets of negotiations I have ever known", it opened the door to reductions in manning levels, plus other improvements in efficiency in the freight and parcels businesses and other sectors.

These changes are estimated to save a total of £60 million (in 1980 prices) by 1983. Both management and unions are urgently considering how to accelerate this process. It is absolutely essential to the long-term health of the industry.

THE NEED FOR REDEPLOYMENT

From the railway community's point of view, there are other important facts to be considered. British Rail employees stand lower on the industrial ladder than their European counterparts – on basic pay rates British Rail is at present a low wage business.

Yet British Rail is not a low wage-cost railway. As the study also shows, railwaymen in this country work longer hours than their European counterparts.

The solution to this problem is to alter out-of-date methods of working and to redeploy manpower resources on a continuing basis. There are, after all, a large number of unfilled railway vacancies at present.

A GOOD DEAL. BUT WILL IT BE TRANSLATED INTO ACTION IN TIME?

There's plenty going for it. Consider, for instance, British Rail's impressive labour relations record compared with other UK industries.

Over the last 20 years, there has been a massive rationalisation of British Rail's business, achieved with remarkably little friction. In the last 15 years, there has been a reduction of 150,000 posts with 31,000 going in the 1970's – at a time of rising unemployment which was not exactly a helpful background to achieve reductions on this scale.

British Rail's staff know full well that, with increased efficiency, the railways can command success.

In 1979, passenger sales mileage was actually higher than in 1961 when the network was 30% larger and there were only half as many cars on the road.

CHALLENGING THE CRITICS

British Rail's fares and charges are higher than other railways in Europe. Critics can (and do) cite overmanning and other inefficient uses of resources as the main reason for this.

They are wrong.

The main reason for high charges is that British Rail is expected to operate with a far greater self-financing ratio than any other major railway in Western Europe.

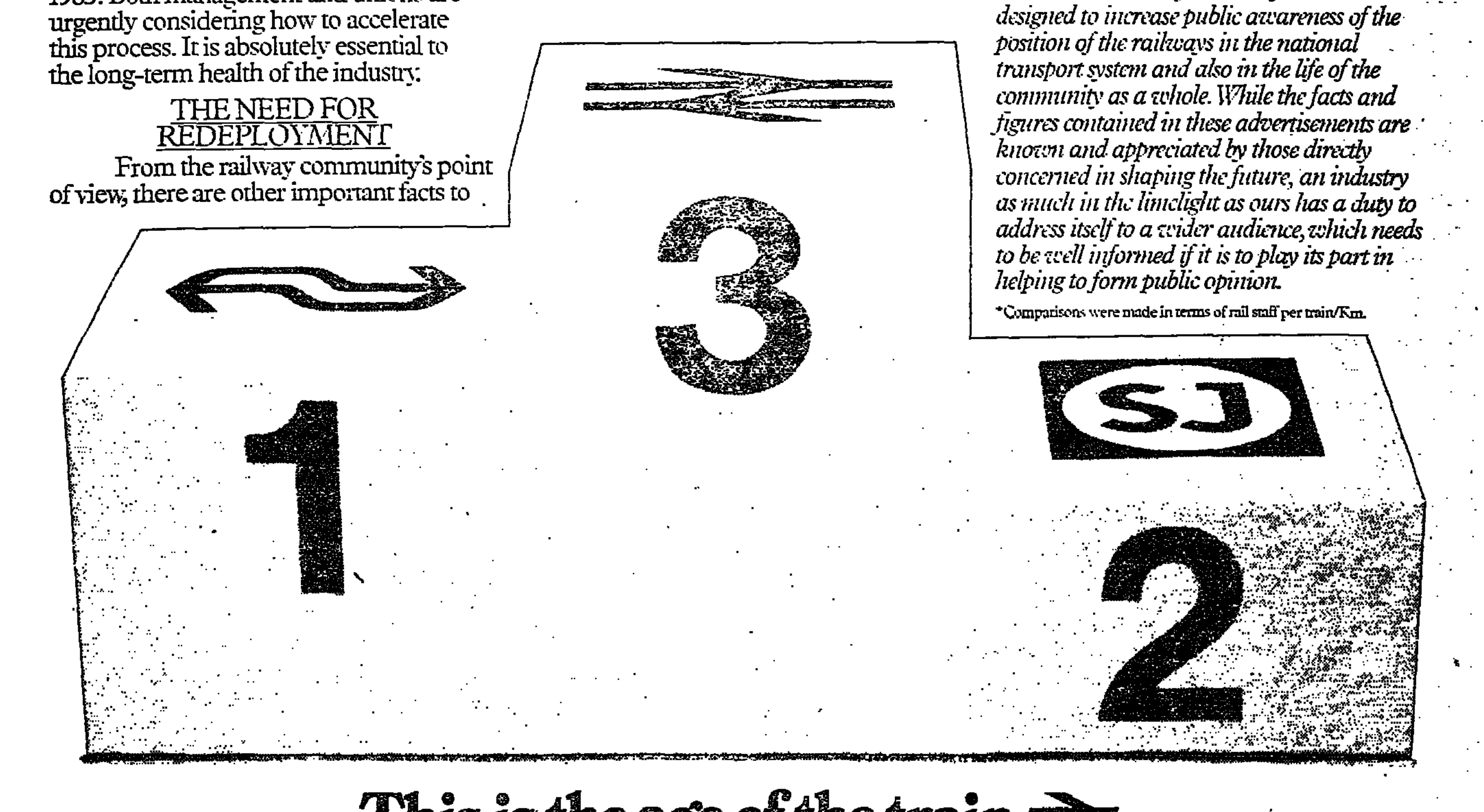
By continuing to improve productivity, British Rail can remove a major excuse for ignoring the real problem facing the railways – the need for a realistic financial framework.

Increased investment will achieve further improvements in productivity and thus raise public confidence in the economics of the rail business.

And secure the right role for the railways in the wealth creating process.

This is one of a series of advertisements designed to increase public awareness of the position of the railways in the national transport system and also in the life of the community as a whole. While the facts and figures contained in these advertisements are known and appreciated by those directly concerned in shaping the future, an industry as much in the limelight as ours has a duty to address itself to a wider audience, which needs to be well informed if it is to play its part in helping to form public opinion.

*Comparisons were made in terms of rail staff per train/Km.



This is the age of the train

What price individuality?

To the executive, a company car is a lot more than an efficient means of getting from A to B.

It's a reflection of their company's confidence in them.

A measure of their status within the company.

And a suitable reward for outstanding contribution.

But not if the car looks like every other car in the company fleet. Can you really see the difference between all the Rovers? Or all the Granadas? At Vauxhall, we believe that individuals should have individual images.

And individual motor cars.

The Vauxhall executive fleet of Carlton, Viceroy and Royale starts at 2 litres and goes on to 3.

But it includes five entirely different bodystyles and levels of appointment. So success is easy to judge.

THE VAUXHALL CARLTON

There are two Carltons, the Saloon and the Estate. Both are built around a lively and economical 2 litre engine.

Carlton is a sleek roomy car that from a company's point of view makes a very attractive proposition.

The Saloon has D.O.E. figures of 38.7 mpg at 56 mph yet still reaches 107 mph and gets to 60 mph in just 11.4 secs. (The 2.3 Granada takes 13.5 secs.)

The Estate is remarkable for its sheer capacity. With the rear seat down it can swallow more than a big Volvo Estate, and for good measure it has a greater payload. Carlton is also very attractive from the driver's point of view.

A very well specified interior ensures comfort, and Carlton, like all Vauxhalls, is built to make driving a pleasure.

As 'Motor' magazine said, "Its handling is immensely safe, for apart from having tenacious road-holding, it is predictable and progressive when the limit of adhesion has been reached" and went on to say that "high speed stability is outstanding." They were also kind enough to comment that Carlton "... is among the most comfortable and commodious medium range four door saloons."

The Carlton is obviously a spacious performer that will give considerable pleasure to its driver and its passengers, however long the journey.

THE VAUXHALL VICEROY

The new Viceroy is the next step up the Vauxhall executive ladder. A step up in engine size and in specification.

Viceroy has a smooth, six cylinder 2.5 litre engine that produces 114 bhp. Its top speed is over 110 mph and it maintains a powerful surge of acceleration throughout its speed range.

This really is a luxury express motor car.

As you can see, Viceroy isn't just a lookalike with a bigger engine. It's an individual saloon. And the standard features give it a feeling of exclusivity that anyone will appreciate.

Power-assisted steering, central door locking, adjustable height driver's seat, adjustable front head restraints, push-button mono radio/stereo cassette player and quartz clock are just a few items to conjure with. And the starting price of just £8099 will get envious glances from other car makers.

THE VAUXHALL ROYALE

And finally, the Royale.

The ultimate Vauxhall. This is a car that can hold its head up in the company of some of the world's most expensive and coveted machines.

Performance is all you would expect from a highly developed 2.8 litre engine. (Even more if you choose the fuel-injected 3 litre version.)

And, of course, the equipment is lavish. So lavish that the only optional extra, apart from the engine size, is air conditioning.

This is a car that says achievement and success. A car that ensures recognition, whether it's the Saloon or the stunning Coupé.

What price individuality?

With the Vauxhall executive range, the price isn't high. But the distinction is.

ALL PRICES CORRECT AT TIME OF GOING TO PRESS. INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. DoE FUEL CONSUMPTION FIGURES FOR CARLTON SALOON MANUAL (METRIC EQUIVALENTS IN BRACKETS) CONSTANT 56 MPH: 38.7 MPG (7.3L/100 KM). CONSTANT 75 MPH: 30.7 MPG (9.2L/100 KM). URBAN CYCLE: 24.4 MPG (11.6L/100 KM). PERFORMANCE FIGURES FROM 'MOTOR' MAGAZINE AND MANUFACTURER. FOR DETAILS OF YOUR NEAREST DEALER SEE YOUR YELLOW PAGES OR RING LUTON (0582) 426388. FLEET ENQUIRIES (0582) 426295. VAUXHALL RENTAL (0582) 21122 EXT. 8721. PERSONAL EXPORT ENQUIRIES (0582) 426197.

VAUXHALL GM

Rowe Rudd decides that the grass is greener outside the Stock Exchange

Richard Lambert on the dissolution of a flamboyant firm

THE CITY has never felt entirely comfortable with the stockbroking firm of Rowe Rudd and Co. The boldly painted offices, the Zapata moustaches, the punchy newsletter (latest issue: "Mrs. Thatcher and St. Sebastian" — are not what you expect to see on London Wall.

Now the partnership is to be dissolved. Rowe Rudd will probably raise as many eyebrows by the manner of its passing as it did in its two decades on the Stock Exchange floor.

Mr. Tony Rudd, the senior partner, said yesterday it had become necessary to choose between two avenues of development. One was to remain in the Stock Exchange as a smallish but active firm — three partners and about 70 employees. The other was to concentrate on corporate finance and fund management activities.

The firm did not have the resources to follow both routes, and so had chosen the second.

"We take the view that in the first part of the 1980s, there will be the same sort of evolution in the UK as that which occurred in the U.S. after the change in commission structure in 1975," Mr. Rudd said.

"There will be a regrouping in the Stock Exchange. The net result will be that every service will have to justify itself to particular groups of clients. It will no longer be enough to be just a general broker — you will have to be very, very good at certain specialist services."

Mr. Rudd pointed to the changes which had taken place on Wall Street in the past five years. The customer there now got what he wanted to pay for—dealing expertise, research, placing power or corporate advice.

"I think the Stock Exchange will continue to be an excellent place for people to go and do their specialist thing. But it will no longer be a place where you can be a generalist and survive."

The plan now is to develop new issue activity and company advisory services. Two of the firms three partners, Mr. Rudd and Mr. Gerald Kelly, will regroup into a new company—possibly with the same name and on the same premises—and employ about 25 staff.

Rowe Rudd will build on its investment office in Saudi Arabia and its risk analysis service. This is an important adjunct to its aspirations in fund management.

Mr. Rudd suggested it would be easier to develop a fund management business outside the Stock Exchange. One reason was that merchant banks—important clients of any broker—did not take kindly to stockbrokers who tried to take some of their fund management business.

The partnership will be dissolved with effect from Friday, March 13, and will therefore cease to trade as a member of the Stock Exchange on that date. Mr. Rudd and Mr. Kelly will resign their membership of the Stock Exchange, and the new firm will be in business the following Monday at the same address.

Mr. Rudd emphasised that the decision was entirely Rowe Rudd's. He was confident that the employees leaving the firm would be snapped up elsewhere.

Rowe Rudd has been active in corporate finance, sometimes of a controversial type, for many years. It has been involved in the tangled affairs of Amalgamated Industrials and Dertitron, and it helped to revamp Mr. John Bentley's latest vehicle, Intervision Video.

At the end of last year it arranged the offer for sale of shares in American Communications Industries, two-fifths of which were left with the underwriters.

Mr. Rudd said the firm was being offered far more work than it could cope with in the field of corporate finance for small- to medium-sized companies.

One thing will not change. The newsletter, which appears every week under Mr. Rudd's own name, will continue to put forward what he describes as its own comonsense and slightly sceptical view of the world.

The firm's history dates back to 1947, when the original broking business split away from what became Ansbacher Bank. Mr. Rudd joined in the late 1950s, when the firm was known as Rowe Reeve, and during the 1960s built up specialist research work in electricals, oils and property shares.

"In those days," said Mr. Kelly wistfully, "we were the only people looking at electricals."

Statisticians have doubts on recession trough

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TROUGH of the present recession may be reached this spring but the timing is still highly uncertain, the Central Statistical Office's cyclical indicators, published yesterday, suggest.

The indicators, which look ahead to turning points in the economy, are not yet conclusive, though the index of longer-leading indicators has been rising since November 1979.

Officials say that if the interval between this turning point and the turn in economic activity conforms with the past average relationship (a lead of about 15 months during economic downturns), the trough of the recession will be reached this spring.

However, the intervals in the past have varied round this average; the longest interval has been 23 months.

The other indicators are more ambiguous. The index of shorter leading indicators is not yet much guide. Its average lead in the past has been seven months at troughs.

Consequently, according to the Central Stastical Office, "the fact that the shorter leading index had not turned upwards by November is not necessarily inconsistent with the trough in economic activity occurring as early as the spring.

"But if the past average relationship is maintained it will not come until later in the year."

The other evidence is also inconclusive. The Confederation of British Industry and Financial Times surveys of business opinion have suggested that the rate of decline of industrial output may now be slowing.

But there is no reason to believe that a turning point has been reached, even though Ministers and many economists believe that the recession will "bottom out" in the next few months.

Many forecasters fear that even when the present large-scale de-stocking ends any recovery may be sluggish, because of a likely fall in exports and in fixed investment.

Chance to close fluorescent tube plant

By James McDonald

CHANCE BROTHERS, a member of the Pilkington group, is to close its fluorescent tube making plant at Smethwick in the West Midlands, in June, with the loss of 550 jobs.

Pilkington pointed out last night however, that £7m was being spent by the group on the Smethwick site to create an industrial estate there with modern factory units. Some were already complete and, if taken up, jobs might become available for the redundant Chance workers.

Chance Brothers was halfway through a labour shedding exercise, announced last April, aimed at cutting the 650-strong workforce by 200, when it decided to close down the plant altogether. The move was prompted by the decision of Philips, its biggest customer for lighting tubes, to seek an alternative supplier.

Government decision 'threatens building society rate consensus'

BY MICHAEL CASSELL

THE Government's decision to seek funds from the personal savings sector could provoke vigorous competition among the building societies, according to Mr. Leonard Williams, chairman of the Building Societies Association.

In the latest edition of Building Society Affairs, Mr. Williams suggests the growing competitno for deposits in the personal sector could undermine the societies' broad consensus on interest rate policies.

He says as Government pressures on the normal sources of home loan funds become more intense "action by individual societies rather than concerted efforts by societies as a whole" could follow.

"There seems little doubt that competition will grow not only between the societies, the Government and the banks, but also between societies themselves, with the consequent likelihood of an upset in the present established and stable order."

Mr. Williams says the Government has made it clear that it will not be deflected from its intention to finance much of the public sector borrowing requirement from sources which the societies have come to regard as essentially their own.

In taking such a decision in areas as sensitive as personal savings and housing, the Government "could well have opened a Pandora's Box."

He says some might see the Government's assault on the personal savings sector as an indication that housing was lower on its list of economic and social priorities, "with tacit acceptance of the views of those who have persistently argued that societies have starved industry of funds and produced a huge boom in residential property values."

Some observers, Mr. Williams suggests, would see the move as evidence of the authorities' wish for banks to take a larger share of the mortgage market. Others might believe it would help bring the societies under the system of monetary control, because pressure in the personal sector by National Savings could be varied to influence the rate of growth of building society funds.

"The Government would, I feel sure, disclaim any of these ulterior motives but whether or not they are or were intended, they will certainly be the effects," he says.

On more immediate prospects for interest rates, Mr. Williams said societies were under pressure to make rate changes so they could widen operating margins. The position had been improved by the interest rate structure introduced in January but societies faced an April increase in tax bills which would again leave a surplus too low to maintain reserves.

"It is evident that the next interest rate change, which all hope will again be downwards, must provide for a still further widening of the margin and this cannot be long delayed."

Enserch to 'defend vigorously'

ENSERCH Corporation, the Texas-based energy group, responded quickly to the announcement of legal action by Davy Corporation, the British-based process engineering group, against the U.S. group's bid worth more than £140m.

Enserch said yesterday the legal action would be "defended vigorously."

Davy alleged that Press statements by the company and resultant stock market activity in Britain and the U.S. "have unlawfully and falsely preconditioned the market for Enserch's offer."

It also alleged that the company's offer document contain misstatements and omissions concerning Enserch's business and financial condition.

Enserch's counsel said "in their opinion the allegations are without foundation."

Their statement adds that "the suit appears to be a delaying tactic by Davy which is not in the best interests of Davy's shareholders."

The Enserch bid was announced in a surprise move on December 17, and was followed by a strongly-worded rejection of the offer.

The Office of Fair Trading is investigating the bid and is expected to forward its recommendation to the Trade Department in a few weeks. It will then be decided whether the offer should be referred to the Monopolies Commission.

Consumer guide to tourism

A guide to UK legislation affecting individuals and organisations in the tourist trade, some of which date to the 19th century, has been published by the British Tourist Authority.

The guide gives a chronological list of relevant legislation from 1895 to the present day. Separate sections deal with hotels and catering establishments; other types of accommodation including self-catering; general conditions applying to tourism establishments; and taxation and other financial impositions.

Rothmans raises cigarette prices

Carreras Rothmans is increasing the price of most of its cigarettes by 4p for 20 today. This means 20 Rothmans King Size, for example, will cost 74p.

Rothmans said yesterday, the increase was the first general price rise for almost a year and reflected the rise in manufacturing and raw material costs.

Lonrho appeal set for February 9

Lonrho's appeal against a High Court judge's ruling that there is no legal basis for the company's £116m sanctions-busting damages claim against Shell and BP will be heard on February 9.

Arrangements have been made already for the case to go swiftly to the Lords for a final ruling — whatever the outcome in the Court of Appeal.

Last month, in the Commercial Court, Mr. Justice Parker upheld arbitrators' findings in the oil companies' favour on a series of preliminary legal issues and reversed their finding in Lonrho's favour.

Science budget plans announced

Distribution of the 1981-82 science budget totalling more than £343m was announced yesterday by Mr. Mark Carlisle, Education Secretary.

The allocations are: Agricultural Research Council £30.6m, Medical Research Council £73.2m, Natural Environment Research Council £39.4m, Science Research Council £174.3m, Social Science Research Council £16.1m, British Museum (Natural History) £6.5m, Royal Society £3.3m.

Enterprise zone plan go-ahead

By Anthony Moreton, Regional Affairs Editor

THE Government gave the go-ahead yesterday for schemes to be drawn up for the first two enterprise zones.

They are those in Salford and Trafford, in Greater Manchester, covering an area of 780 acres, and in Dudley, West Midlands, covering 540 acres.

It is expected that an announcement will come in the next few days to allow Corby to begin the tortuous process from concept to legal entity.

Because of the complicated procedure to be adopted, which will take at least five to six months to complete, it is unlikely that the first zone will be in operation before the summer.

The original hope in Whitehall was for them to begin work early this year, but delays in getting the Local Government Planning and Land (No. 2) Bill on to the statute book killed this target date. Now the second target—April 1, to coincide with the start of the 1981-82 financial year—has had to be abandoned.

The complicated procedure to be adopted includes allowing 28 days for other statutory bodies to respond; publication of a draft scheme, allowing a reasonable time for public response; possibly a public inquiry; and six weeks to allow for the possibility of the scheme being challenged in the courts.

Mr. Michael Heseltine, Secretary for the Environment, at the end of this procedure has to lay a designation order and allow 21 days for it to elapse before it can take effect. Only then can the enterprise zones legally start operating.

Enterprise zones were announced by Sir Geoffrey Howe in his budget speech last year. Nine have been designated so far — Clydebank, Swansea, Belfast, Newcastle / Gateshead, Speke in Liverpool, Corby and the Isle of Dogs in London are the others.

Government plans to establish an urban development corporation to mastermind the redevelopment of London's dockland areas face a delay, following a decision to call a House of Lords select committee investigation into which areas should fall within the new corporation's boundries.

Lisa Wood writes: Britain's latest computing and communications technologies should be tried-out by residents and industrialists in a test area, says a strategy committee for the country's electronics industries.

The reconstituted Electronics Economic Development Committee, meeting at the National Economic Development Office yesterday, put forward the idea as part of a new strategy to establish a national policy.

The committee, under the chairmanship of Sir Henry Chilver, vice-chancellor of the Cranfield Institute of Technology, agreed in principle that a practical demonstration of Britain's technologies in the field would test the market and prove technical feasibility

Scottish Office to quit oil show

THE Scottish Office is to pull out of the Offshore Europe Oil Exhibition and Conference in Aberdeen in September. The need to cut public spending is the main reason.

In previous years, the Scottish Office has taken part to explain to industrialists, mainly from abroad, the financial incentives available for expansion in Scotland.

Brokers urge new funding initiatives

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A NEW funding initiative is needed to persuade the personal sector to invest on a longer-term basis to offset the recent excess rate of monetary growth, say stockbrokers W. Greenwell in their latest monetary bulletin.

The excess growth in sterling M3, the broadly defined money supply, in the last eight months (an annual rate of 14 per cent compared with a 7 per cent annual rise in national income) should not be allowed to stay in the financial system, they say.

This excess is likely to take longer than usual to work through into prices and there is still some time for the authorities to mop it up. The excess is being held by the personal sector.

The most pressing monetary problem is to persuade the personal sector to save in a less liquid form. This points to further funding initiatives directed at the personal sector, say the brokers.

The Government should press sales of existing debt instruments, such as national savings, "granny bonds" and gilt-edged stock, and experiment with new instruments such as 12-month Treasury Bills and an extension of indexation.

Minimum Lending Rate should also be reduced to discourage savers from holding money, the brokers argue.

A different view of the role of monetary policy comes in the latest issue of the Lloyds Bank Review from Lord Kaldor and Mr. James Trevithick of King's College, Cambridge.

In their view the inexorable rise in industrial prices in the post-war period has been mainly cost-induced and had virtually nothing to do with excess demand. It has been a consequence of the increased concentration of economic power both on the side of the capital and of labour.

Hugh Routledge

Award for FT writer

MR. ANDREW WHITLEY, (right), Financial Times correspondent in Tehran until last August, was named Foreign Correspondent of the Year yesterday for his reports from Iran.

Mr. Philip Knightley of the Sunday Times won the Reporter of the Year award for his investigation into the affairs of the Vestey shipping and meat group, in the annual Granada What the Papers Say television programme.

The awards were presented by Mr. Norman St John Stevas, (left), the former Leader of the Commons and Arts Minister, at the Savoy hotel in London.

Announcing the awards, Mr. Anthony Howard, editor of The Listener and a member of the programme team, said Mr. Whitley had won his award "in recognition of a consistent record in interpreting one country to another—and for his solid and never superficial style of reporting."

Mr. Whitley is now a senior specialist writer on the foreign staff of the Financial Times in London.

Mr. Peregrine Worsthorne of the Sunday Telegraph was named Columnist of the Year for "the independence of his mind, for the freshness of his writing and for the sheer consistency of his form."

Ms. Posy Simmons was named Cartoonist of the Year for her regular Monday feature in The Guardian.

The Gerald Barry Award, for distinguished services to journalism went to Mr. James Cameron, the veteran reporter and broadcaster.

The programme made no award for the Newspaper of the Year.

Scotch producers urged to grant foreign licences

SCOTCH WHISKY manufacturers should enter into licensing arrangements with overseas producers to preserve long-term markets, a study of bulk whisky exports concludes.

The industry should also resist pressure from the trade unions and some producers to introduce a ban on bulk exports. It should instead opt for more imaginative marketing policies and greater overseas investment.

Dr. David Targett of the London Business School, author of the report, Strategies for Scotch Whisky, to be published soon, believes the traditional system of whisky producers appointing agents has led to a structural weakness in changing export markets.

Good as these agencies might be, they mean the whisky companies lack direct management expertise and experience in export markets, particularly in Japan and Third World countries.

Licensing arrangements with overseas producers should last for a minimum of five years to provide continuity, the report says.

Local overseas whisky would be blended with Scotch and bottled in importing countries. Imported "bottled in Scotland Scotch" might also receive better tariff treatment. At present, there are more than 450 government restrictions on whisky imports in the world.

Dr. Targett says Scotch producers should concentrate on the premium end of the market. A ban on bulk exports would lead to American, Canadian and Irish producers filling the gap.

He estimates the loss to the UK balance of payments at between £35m and £65m a year. Some 3,000 Scottish jobs could also be affected.

The report says Scotch whisky producers should recognise the success of overseas producers as inevitable and instead of fighting them become involved in local industry. Scotch producers could then offer high quality local whisky (or whiskey), Scotch whisky bottled locally and bottled in Scotland whisky.

Dr. Targett's conclusions are likely to be strongly criticised. The Scottish Trades Union Congress recently organised demonstrations against Suntory, the Japanese group, over bulk exports. Several major companies, notably Distillers, refuse to export bulk malt whisky.

Sharp fall in number of grocery outlets

By David Churchill,

A SHARP fall in the number of grocery stores during the past nine years is revealed in a new survey

The survey, by the Nielsen research company, shows that the number of grocery stores has fallen by almost 43,000—or 41 per cent—since 1971. The number of grocers in 1979, according to Nielsen, was 62,333.

It also shows that in spite of the decline in grocery outlets, Britain has a substantially higher concentraion of grocery stores than most other EEC countries.

There are now only some 1.1 grocery outlets per 1,000 persons in the UK—a level which puts the UK on a par with the Netherlands and Sweden.

Most of the reductions in stores came from the independent sector of the trade, whose market share declined from 42.5 per cent in 1971 to 25.8 per cent in 1979.

Over the same period, multiple supermarkets increased their share from 44.3 per cent to 59.2 per cent and co-operative retail societies' share rose from 13.2 per cent to 15 per cent.

Watney and Truman raise beer prices in South-East

BY GARETH GRIFFITHS

WATNEY MANN and Truman's three south-eastern breweries will increase their beer prices by 1p and 2p a pint from February 2.

Watneys London, Watneys Southern and Truman, all subsidiaries of Grand Metropolitan will raise the price of bottled beers by 10p and 12p a dozen. Canned beer will go up by an average 5p a pint.

The Grand Metropolitan decision effectively ends the main autumn and winter price rises in the brewing industry, which began in September. Most brewers have raised prices by an average 2½p a pint.

Since the late 1970s the traditional pattern of concerted beer price increases has fallen into abeyance. The large breweries leave price-rise timing to their regional companies. Courage Eastern, for example, increased prices in December, while Courage Central and Western raised prices in September.

Brewers have started to raise take-home prices at a higher rate than those for supplies to managed and tenanted public houses and registered clubs. Ind Coope, part of Allied Breweries, this month announced increases averaging about 4p on a 16oz can of low-gravity lager. This brings the average price to between 30p and 32p a can.

The other main brewers are expected to announce similar increases in take-home prices in the next couple of weeks. There is considerable debate in the industry about the likely effects of the Budget on March 10. Some of the smaller companies are considering raising prices before that date.

The smaller regional brewers appear to have lost the price advantages they have normally enjoyed. Bass Mitchells and Butlers of the Midlands, for example, believes it offers the cheapest beer in the region. In previous years the smaller independents had charged lower prices.

Regional price differences are still substantial. The average price in public bars in managed houses in South Wales and the North-West is up to 10p a pint cheaper than in the South-East and London.

The Brewers' Society said the average price of beer in October was 43p a pint, 50p a pint for lager and 48p a pint for a premium beer — the latest national figures available.

Call for tighter checks on meat supplies

Financial Times Reporter

THE Bacon and Meat Manufacturers' Association yesterday called on its members to apply more stringent tests on meat supplies, to ensure that horsemeat is not sold as beef.

The statement followed a public announcement by Mattesons that some of its products sent out to shops in November could contain horsemeat.

Mr. John Locke, director general of the Bacon and Meat Manufacturers' Association, said "The criminal practice of selling horsemeat as beef must be stamped out."

Mattesons, a subsidiary of Walls, said that horsemeat had been discovered in a delivery of frozen meat during routine batch tests. Mr. Locke wants tests to be stepped up to ensure that the meat supplies are pure.

Mattesons said that the wholesalers concerned have been struck off the company's lists, but a previous batch from the same wholesalers which had gone through the factory could also contain horemeat.

The company said consumers will be refunded for the can concerned—serial numbers ending 323 to 333—but there was no health risk involved.

British producers will not follow OPEC in adding oil premiums

BY RAY DAFTER, ENERGY EDITOR

THE UK oil industry is emerging as one of the few major producers refusing to add premiums to crude oil contract prices.

An industry survey shows that perhaps as much as 13 per cent of production from the Organisation of Petroleum Exporting Countries carries extra charges in the form of premiums, commissions and special fees.

These additional charges are swelling the average price of OPEC oil.

The British National Oil Corporation and other North Sea producers are finalising details of their latest $3 a barrel increase. They said yesterday they were sticking by contract rates.

It was recognised that a small amount of UK oil was traded in the spot market, however.

Commodities Research Unit of London says in its latest Crude Oil Monitor spot prices for OPEC crude were averaging about $39 a barrel—about $2 a barrel lower than in November. There were signs that these free market prices were stabilising as companies started to rebuild stocks.

The developed world's storage of crude oil and products had fallen to about 100 days' supply by the beginning of January, against 110 days' supply in September.

The research unit says that, excluding premium charges, the average official selling price of OPEC crude was $34.97.

Another report, in Petroleum Intelligence Weekly, says the various premiums give a false picture of the cost of seuring crude oil supplies.

Examples include:

- Kuwait, charging between $5 and $6.50 a barrel extra for 650,000 barrels a day.
- United Arab Emirates, charging $3 to $4 extra for 450,000 b/d.
- Qatar, imposing surcharges of between $6.50 and $11 a barrel on 150,000 b/d.
- Algeria, adding $1.25 to $1.50 to most of its oil exports.
- Nigeria, charging an extra $1.50 to $3.50 on 500,000 b/d.

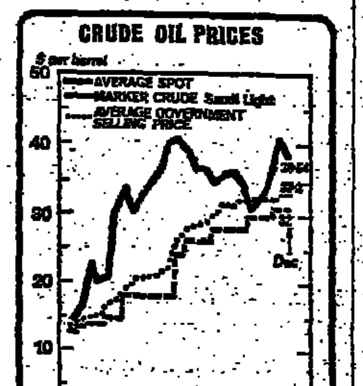
Petroleum Intelligence Weekly says Saudi Arabia, the world's biggest exporter, will be levying a supplementary charge on about 500,000 b/d being provided to alleviate problems caused by the Iranian/Iraqi war.

Mr. David Howell, Energy Secretary, who recently said the UK was among the world's top 10 producers, said yesterday OPEC exporters in general were hopeful there would be no price explosion this year.

Mr. Howell visited the Gulf recently. He said Middle East producers welcomed the International Energy Agency's decision last month to ease pressure on the spot market. The IEA called for stocks to be reduced where they were high, and for companies to replenish stocks by oil transfers where there was the threat of shortage.

Mr. Howell said there was a general feeling in the Gulf that Iraq and Iran would boost production, whether or not fighting came to an early end.

CRUDE OIL PRICES



Source: CRU Energy Database

هكذا من الأصل

THE ECONOMY IS NOT AS BLACK AS IT LOOKS.

Next time you're sitting in a traffic jam take a look around you. Look at all those grey faces caused by the gloomy economic climate.

But shouldn't a car drive away such feelings of despondency and bring a little excitement back into your life? Admittedly there aren't many cars in Britain today that can do so. But a Saab 900 Turbo is one such car.

You're bound to have seen one cruising past you on the motorway.

Probably you've spotted them in black (although we do them in other colours). They have a very aggressive appearance with a distinctive aerodynamic rear spoiler. Drive one and we promise you a sensation of acceleration like you've never experienced before.

An experience of power only to be over-taken by a few very expensive sports cars. But surprisingly all this extra thrust doesn't mean a thirsty car. For such a fast mover the Saab 900 Turbo is amazingly economic. The secret lies in the way the Turbocharger only comes into use when it's needed.

The result is as much as 41.2 miles per gallon at a steady 56 miles per hour.

How many other high performance cars watch their petrol pennies like this? And with most of them you have to squeeze into a space designed more for two adults and two juniors or four Jockeys.

In fact the roominess of the 900 Turbo makes its owners feel ten feet tall.

Not only does it seat five with ease but with the rear seat folded down two six-footers could easily stretch out for forty winks.

Of course in such hard times it's tempting for car makers to skimp and cut corners. Pop your head inside any 900 Turbo and you'll see Saab certainly haven't. The rich velour upholstery would do justice to many a top three-piece suite.

The dash looks like it's been designed by aircraft engineers (it has). There's a sunshine roof for those precious days when grey skies give way to blue. And whether your music tastes are blues, rock or jazz, you'll be turned on by the stereo radio/cassette player which is fitted as standard.

On our three-door model you will also be switched on by our electrically-heated drivers' seat. And on our four and five-door models the front passenger will also enjoy this rear-end luxury. And so you won't get a shock if someone bumps into you in the car park we've fitted huge bumpers that spring back to their original shape. Just think. Imagine telling your friends and neighbours that you own a luxury car that can seat five with a top speed of 125 mph and that's still very economical. Then nonchalantly adding that it does its own bumper repairs.

We bet you get some pretty black looks.

SAAB

SAAB (Gt. Britain) Ltd., Saab House, Fieldhouse Lane, Marlow SL7 1LY Bucks. All enquiries – Telephone: Marlow 6977. Official Fuel Consumption figures for the 900 Turbo 3-door illustrated and 5-door models are as follows: Simulated Urban Cycle 20.3 mpg (13.9 litres per 100 km). Constant 56 mph or 90 kph – 41.2 mpg (6.9 litres per 100 km). Constant 75 mph – 32.5 mpg (8.7 litres per 100 km). Source of performance figures: Saab Scania A.B.

Ferries are badly hit as seamen step up action

BY PAULINE CLARK, LABOUR STAFF

BRITISH FERRY services yesterday took the brunt of a substantial increase in industrial action by seamen involved in the national pay dispute. Union leaders warned that their lightning strike strategy might be stepped up even further from next weekend.

The General Council of British Shipping described the worldwide industrial action by seamen as "very serious" for shipowners. The number of deep sea ships tied up by strikes in UK and foreign ports increased significantly yesterday.

The Advisory Conciliation and Arbitration Service remained in informal contact with both sides, but there was still no sign of a break in the 10-day-old deadlock which followed the *National Union of Seamen's* rejection of a 12 per cent pay offer. The union wants an improvement in overtime rates for seamen. Shipowners say they cannot afford to pay it.

On the first day of the union's new intensified strike strategy, lightning action hit ferry services at **Dover, Folkestone, Southampton, Portsmouth, Holyhead, Liverpool** and **Heysham.** *More strikes are expected to* take place with minimum advance warning today at **Dover, Felixstowe, Stranraer** and **Cairnryan.**

British Rail's Sealink operators warned yesterday that they may consider suspending some ferry services for the duration of the dispute unless seamen give *24 hours* advance notice of strike action.

This would not affect popular cross-Channel ferry routes where passengers can be transferred to ferries with foreign crews. But it might affect services *to the Channel Islands* and to the Republic of Ireland.

The strikes varied in duration yesterday. The union said five cross-Channel ferries from most of the south coast ports were hit by 24-hour stoppages. four Sealink ferries from Fishguard and Holyhead were stopped for 12 hours and two ferries from **Liverpool** and the Isle of Man were stopped for *36 hours. Ferries from* **Folkestone** were hit for only six hours.

The NUS, whose officers will discuss intensified action again on Friday, claimed that 320 vessels, more than a quarter of the UK-manned fleet, in the UK and abroad were affected

The GCBS said it had received reports yesterday of 104 ships held up by action (compared with 60 on the previous day) of which 76, including 11 ferries, were tied up in the UK and 28 abroad.

Mr. Patrick Shovelton, *director-general of the GCBS*, said shipowners were acting on the council's advice not to pay striking seamen where ships were being held up indefinitely.

Union ends fight over steel plan

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN steel union, the Iron and Steel Trades Confederation, last night agreed to allow negotiations at plant level on the British Steel Corporation's survival plan to go ahead.

This means the corporation now has the effective agreement of all the steel unions in a programme involving the loss of 20,000 or more jobs and 600,000 tonnes in steelmaking capacity.

Negotiations, which have *already begun in some areas,* are expected to take place immediately.

However, the ISTC has refused to endorse the survival plan put forward by Mr. Ian MacGregor, the corporation's *chairman, and has also not* agreed to the pay offer of 7 per cent from July, after a six-month freeze.

Fresh talks on the pay offer are to be held on February 10.

The union's central and negotiating committee, which held a five-hour meeting with BSC yesterday, *has thus reserved the* right of ISTC officials to appeal to national level if local negotiations break down. It has also refused to sanction in advance any changes in working or trade union practice

Mr. *Bill Sirs, the ISTC's* general secretary, is concerned that a draft agreement presented to the unions at the Teesside plants, which called for the replacement of union-by-union bargaining with a joint *committee taking binding* decisions, will be the model for agreements elsewhere.

The Teesside agreement, on which negotiations are expected to begin again this week, also called for an end to demarcation lines among production workers and staff, a cut in meals and *possibly medical services, and* a centralisation of wage payments.

The union also expects more big cuts this year, possibly involving a major plant. Mr. Sirs said: "They always keep coming back to us with further *job losses. I firmly believe they* mean to cut the industry to the bone. I believe we face further difficult circumstances."

Mr. Peter Broxham, the BSC's director of industrial relations, said: "The local negotiations *will continue against a back*ground of the corporation's plan.

Regional water men vote for pay strike

By John Lloyd,

ABOUT half of the General and Municipal Workers Union's 20,000 manual workers have voted overwhelmingly against the National Water Council's 7.5 per cent pay offer, and in favour of industrial action.

Delegates from the north-west *region, meeting yesterday,* called for a national stoppage from February 7.

Delegates from the London region also voted for industrial action yesterday, and their officials will meet today *to decide on the form of* action.

The Transport and General Workers Union, with about 2,000 members, expects results of its voting before a national delegate conference *next Wednesday.*

Philip Bassett writes: Craft workers in the water supply and sewerage industry have also been offered increases in present pay band rates of 9.9 per cent, in line with the offer to the industry's manual workers.

However, Mr. Terry Duffy, president of the Amalgamated *Union of Engineering Workers*, said yesterday that the AUEW executive had rejected the offer.

NUT still holds key to talks

By Michael Dixon,

THE UNIONS' side of pay negotiations for schoolteachers in England and Wales will continue *to be controlled by the* National Union of Teachers with 16 seats, in spite of changes to the Burnham negotiating committee announced yesterday

The unions' side is increased from 30 to 32 members, with *a seat being given to the* Professional Association of Teachers

Philip Bassett looks at Labour's electoral college moves

AUEW rejects moderates' line

ENGINEERING UNION leaders threw into confusion yesterday the outcome of voting at Saturday's special Labour Party conference on the form of the electoral college for the party Leader, and raised the possibility that the conference would *reach no conclusion at all on* the issue.

The decision of the Engineering Section executive of the Amalgamated Union of Engineering Workers not to vote for the formula of 50 per cent of the votes for the Parliamentary Labour Party and 25 per cent each for the constituency *parties and trade unions was* taken despite pressure from Mr. Foot and some trade unions to fall into line with the moderate union group.

If the conference reaches no conclusion on the issue it could prevent the party's "Gang of Three"—Dr. David Owen, Mrs. Shirley Williams and Mr. William Rodgers—from splitting away from the party. The three estimate now that the best result they can hope for from the conference is "no conclusion."

Last night members of the party's national executive were seriously worried that the AUEW decision might prevent a conclusion being reached.

Mr. Foot and members of the executive will make fresh efforts this wek to shift the AUEW, but the union is bound by a decision of its policy-*making National* Committee to vote for no proposal which does not give the Parliamentary party an overall majority in the electoral college.

The union believes that this allows it to vote only for its own *proposal, which gives the* Parliamentary party 75 per cent, and that of the Cardiff constituency party, which offers it 60 per cent.

While under the terms of the exhaustive ballot to be used to decide the issue the union cannot vote against any other proposals, its abstention on all the *others* could mean either that the Left's proposal of equal shares of one-third of the votes to each of the three groups would be successful, or no conclusion be reached.

The Engineering Section has a block vote of 928,000 affiliated *members at the conference.*

The union's delegation to the conference meets on Friday, and Left-wingers *plan then to urge* the delegation to vote for the 50-25-25 formula. Mr. Terry Duffy, AUEW president, said yesterday that the delegation would simply be told the policy *laid down by the national com*mittee, which it would have to follow.

If that tactic of the Left fails, they plan to seek a disruptive vote at the conference.

Insurance staff will study 12.5-13.5% deal

BY NICK GARNETT, LABOUR STAFF

STAFF at the General Accident insurance company are now voting on a pay offer which *would give rises of 12.5 to 13.5* per cent on salaries, together with further payments based on company performance.

The result of the ballot is expected at the end of the month, at a time when pay negotiations for the British banks begin.

The General Accident offer is one of a number which officials of the Association of Scientific, Technical and Managerial Staffs say range betwen 12 and 15 per cent over a year.

The basic offer—for a settlement due this month—incorporates a rise of 12.5 per cent on salaries. Staff in two of the 13 grades whose pay is affected by this set of negotiations would *receive a rise of 13 per cent on* salaries. A further two grades would have their pay raised by 13.5 per cent.

The proposals also involve further increases of up to 1½ *per cent on existing salaries* based on improved company performance.

This would be based on three components—income on premiums, cash flow and underwriting results.

Mr. Keith Standring, who negotiates on behalf of the Association of Professional, Executive, Clerical and Computer Staff—the other union representing the 13 grades of clerical and supervisory staff —*said it appeared that the com*pany's performance would be such as to allow the full payment of the 1½ per cent.

The union said the present minimum adult rate for clerical staff was £2,931 with a maximum *of £9,642 for workers in the top* grade covered by the negotiations.

Foundry section ballot supports merger plan

BY PHILIP BASSETT, LABOUR STAFF

AMALGAMATION of three sections of the engineering workers' union was given qualified support yesterday by a ballot of members in the *foundry section, showing that* just over half of those voting favoured the merger.

Amalgamation of the engineering, constructional and foundry sections of the Amalgamated Union of Engineering Workers is opposed by the union's fourth section—the white-collar TASS.

The Certification Officer has also ruled against it, although the engineering section with the support of the other two is contesting this decision in the courts.

The result of the AUEW foundry section's ballot, declared yesterday to the section's executive council, showed 12,097 in favour of the merger proposal, and 9,961 against. Sir John Boyd, engineering section general secretary, sent a telegram to the foundry section welcoming the result.

While foundry section officials admitted that the poll was low—less than half the section's membership of around 50,000—and that 23 branches, some of them large ones, failed to return any results, they were not displeased at the response on a matter which did not directly involve pay.

The ballot was not legally binding, but was simply used by the union as a straw poll of membership feeling. *It was felt* that if some statement of opinion was not made before the section's annual conference this spring, efforts might be made there to abort the amalgamation.

Leaders of the three AUEW sections other than TASS are to meet soon to decide how to fund the High Court action against the Certification Officer's decision.

Emollient noises from the new man at the MoD

By John Hunt, Parliamentary Correspondent

The members of the powerful Tory defence lobby had been nervously awaiting the opportunity to cross examine Mr. John Nott since his appointment as Defence Secretary in the recent Cabinet reshuffle.

Mr. Nott, one of the leading monetarists in the Cabinet, had been widely portrayed as a sort of Genghis Khan of the cuts who had been moved from his job as Trade Secretary in order to bring some *financial discipline to the* armed services.

Yet, on his first appearance in his new role in the Commons yesterday, he gave a smooth performance that was worthy of the combined talents of a Metternich and a Talleyrand.

He seemed eager to shuffle *off his reputation as a tough* nut at the Treasury where he was Minister of State from 1972 to 1974. Soothingly, he assured his colleagues: "Although I was very interested in my time at the Treasury, that was many years ago."

With such emollient noises coming from the new man, Conservative MPs were soon falling over each other to thank him for his "encouraging replies."

Nevertheless there were still signs of lurking doubts *on the Government* backbenches. Mr. Antony Buck (Colchester), chairman of the Conservative Defence Committee, saw Mr. Nott as a worthy successor to Mr. Pym at Defence. Somewhat incon*sistently, Mr. Buck then asked* the Secretary of State to dispel any idea that he had been given a remit as a "hatchetman"

Such an unworthy insinuation appeared to deeply shock Mr. Nott. "Really I can't imagine how anyone can have seen me in such a role," he *gasped. "It is one of the* crosses we have to bear that we are given these labels."

Reading out a long list of ships and equipment that are now going to be disposed of earlier than planned, Mr. *Nott managed to imply that* the armed forces were merely getting rid of a load of rusty old junk that should have been thrown out years ago.

But he was on shakier ground when dealing with the Government's undertaking to increase defence spending by 3 per cent a year. In heavily *qualified answers which were* hardly calculated to allay the suspicions of Tory backbenchers, he stressed that the promised rise would be "in the region" of 3 per cent.

True, his task of dealing *with the fears of his own* party was made easier by the antics of the Opposition.

As is usually the case on defence matters, the dear old Labour party was completely at sixes and sevens.

Mr. Brynmor John, Labour defence spokesman, did his best to appear statesmanlike, but this was rather difficult when a leading Tribunite, Mr. Frank Allaun (Salford East), was complaining that the level of defence spending would "encourage the hawks against the doves within the Kremlin and speed up the arms race."

Mr. Bruce George (Lab., Walsall South), had it about right when he warned Mr. Nott that his verbal and statistical dexterity and slight *of hand would not convince* the doubters that the Government's performance matched Tory party rhetoric.

Whatever weapons were being declared obsolete, the smoke screen still seems very much in vogue in the Commons. The real battle still remains to be fought out be*hind closed doors, at meetings* of the Tory back bench defence committee.

Defence Minister backs cash limits system

BY IVOR OWEN

TREASURY MINISTERS can expect less resistance in future *when seeking to apply cash* limits to the Ministry of Defence, Mr. John Nott, the new Defence Secretary, made clear in the Commons yesterday.

At the same time he sought to reassure Tory backbenchers *that he had not taken over the* Ministry from Mr. Francis Pym —who led an unsuccessful attempt to secure a more flexible approach to defence spending—in order to fulfil the role of "hatchet man."

Mr. Nott insisted: "I *shall be* just as dedicated to preserving and improving front line capacity as Mr. Pym."

While the cash limit for 1981-1982 had yet to be finalised, he expected the defence budget to be of the order of £12¼bn, an increase of more than £1bn over the current year.

The Defence Secretary admitted, however, that to hold the figure to this level the Royal Navy would have to be deprived of some of its older *ships* earlier than previously planned, and that a number of the RAF's Vulcan squadron would be reduced from seven to six.

He also admitted he was unable to give an assurance that *the Sea Eagle anti-ship missile* will reach the production stage and that this was one of a number of hard choices "which still had to be made for 1981-1982 and the years ahead."

Mr. *Nott described the dif*ference between his and Mr. Pym's approach to cash limits as one of emphasis. "I think that the cash limit system is absolutely fundamental," he declared. Answering Mr. Brynmor John, Labour's defence spokesman, Mr. Nott confirmed that the Ministry of Defence was likely to overspend its cash limits for the current year.

It was too early to say what the extent of the overspend would be or what action would need to be taken to deal with it.

Mr. Julian Amery (C., Brighton Pavilion), underlined the suspicions of many Tory backbenchers about the reasons for Mr. Pym's replacement by Mr. Nott, by giving the historical background "to the issue of defence expenditure in the Conservative Party."

He recalled that Lord Salisbury had accepted the resigna*tion of Lord Randolph Churchill,* then Chancellor of the Exchequer, over defence estimates, and that Lord Thorneycroft who resigned as Chancellor in 1958, had also tried to cut the defence esti*mates.*

Mr. Amery stressed: "This is the first time the Treasury team has managed to oust the Defence Minister."

He added: "While wishing Mr. Nott the best of luck in his new appointment, it is up to him to convince this party and the House and the country that his appointment does not mean a serious retrenchment in defence expenditure."

Mr. Nott retorted that he had not previously been a member of the Treasury team and maintained that Mr. Amery's historical analysis was not appropriate to Mr. Pym's move to become Leader of the House.

He emphasised: "As far as I am concerned, I shall be in *charge of the Ministry of* Defence and not the Treasury. I am sure we shall work very closely together because in the end we are all on the same side."

A renewed assurance by Mr. Nott that there was no question of the Government going back on the commitment to secure *Trident as a replacement for* the Polaris nuclear missile system pleased the Tory backbenches more than anything else in his statement.

He rejected the view of Mr. John—backed from the Liberal *benches—that Britain would be* able to play a more effective role in NATO by giving up "national power dreams."

Mr. Nott was adamant that Trident was the most cost effective way in which Britain could *provide for a strategic nuclear* deterrent.

"That decision will not be changed," he pledged.

Dr. David Owen (Lab, Devonport) argued that it was already clear that Britain could not continue to provide both a major contribution to the British Army of the Rhine and a major maritime contribution to the Western Alliance.

"A strategic choice will have to be made," he warned.

Mr. Nott, who had earlier dismissed talk of the need to make "apocalyptic choices" as being wide of the mark, *promised to consider some of* the views expressed by Dr. Owen

But he refused to accept that a "stark choice" between a maritime capability on the one hand and the central front on the other needed to be made.

Nott: A number of hard choices still to be made

Amery: Nott must reassure *party on expenditure*

No consent sought for Times transfer

THE GOVERNMENT has received no application for consent to transfer ownership of the Times Newspapers group, *the Prime Minister* told the Commons yesterday.

If such an application were received, Mr. John Biffen, Trade Secretary, would have to consider the newspaper merger provisions of the 1973 Fair *Trading Act, Mrs. Thatcher* said in Question Time.

Meanwhile, executives of Thomson British Holdings continue talks with shortlisted companies which have expressed interest in buying *Times Newspapers.* While negotiations are not yet complete, it remains likely that a bidder will be named this week.

In the Commons, Mrs. Thatcher came under heavy pressure from Mr. Michael *Foot, Opposition leader,* to refer the issue to the Monopolies Commission, if rumours were confirmed that Mr. Rupert Murdoch, owner of the Sun and News of the World, was going to take over the titles.

Mr. Foot urged that the Monopolies Commission report "with extreme urgency in view of the threat to all those newspapers of possible extinction in March."

Mrs. Thatcher replied: "The Trade Secretary has so far received no application for consent to transfer any of the Times Newspapers.

"If he does receive such an application he will have to consider the newspaper merger *provisions of the Fair Trading* Act of 1973."

Mr. Foot was not satisfied. He asked the Prime Minister to go further in trying "to protect the position of some great newspapers in this country."

Mr. Foot reminded Mrs. Thatcher that when Lord Thomson, the present owner of the *Times group,* acquired the Times alone that was referred to the Monopolies Commission and pledges of independence had to be given.

He pressed again for the matter to be referred to the Monopolies Commission in the interests of the newspapers and all its customers.

Mrs. Thatcher said: "*I do not* think it is advisable to say precisely what one will do before an application has even been received.

Liberals issue first ever manifesto for county elections

BY MARGARET VAN HATTEM, LOBBY STAFF

THE LIBERAL party yesterday launched an intensive campaign *for the May 7 county council* elections in which it expects, perhaps a little optimistically, to win around 10 per cent of the 4,300 seats.

To underline the importance attached to these particular elections, the party has produced its first ever manifesto for the county councils—attacking Tory spending cuts, central Government interference, and general inefficiency and wastefulness at local government level.

Party officials insist it is "purely coincidental" that Mrs. Shirley Williams, *one of the* Gang of Three Social Democrats leading the current discussions on a possible split in the Labour party, has said she would not give her decision until after the county council elections.

However should a Right-wing Labour splinter group emerge and seek to form an electoral alliance with the Liberals before the next general election, the party would use any gains in local government to back its claims to be the senior partner.

Since last May, the Liberals have gained a net 30 seats at county and district by-elections. A more definitive upsurge at the coming elections might be used to reinforce their claims to field candidates at the next general election should conflict arise with any prospective electoral partners.

Referring to a Weekend *World opinion poll which indi*cated that a Liberal/Social Democrat alliance would pick up 31 per cent of the votes in a general election—more than either Labour or Conservatives —Mr. Alan Beith, Liberal chief whip, *said yesterday:* "It is obvious that the Liberal party is a crucial part of such an alliance and that even a very large vote for Social Democrat candidates spread evenly over the country would probably result in their winning no seats at all on their own.

"I can point to 50 seats where Liberals are well within reach of victory at the next election. There are no seats which any new Social Democratic party looks at all—likely to win; their best chances lie with some existing Labour MPs who fight their own constituencies against an official Labour candidate.

"The potential strength of any new Social Democratic group therefore is heavily dependent on how many Labour MPs are prepared to make the break and *on what attitude* the Liberals take towards them."

Introducing the party manifesto for the May 7 elections, Mr. Cyril Smith (Rochdale) said the Liberals expected to increase their seats on county councils from 102 to 400, holding the balance of power in many places.

Industry post win for Tory Right-winger

By Elinor Goodman

TORY right-wingers yesterday got their candidate elected chairman of the influential Conservative back bench industry committee.

Mr. Michael Grylls, one of the most vocal critics of government intervention in industry on the Tory benches, defeated the moderate, Mr. Peter Emery, for the job vacated by Mr. Kenneth Baker.

The moderates also failed to get their candidate elected secretary of the committee.

This was a setback for the moderates who, in the committee elections before Christmas *outflanked the right in a fairly* organised campaign. This time, the moderates seem to have been less successful in their organisation.

Plaid must unite to achieve Welsh self-rule

BY ROBIN REEVES, WELSH CORRESPONDENT

PLAID CYMRU must aim to unite the political forces of Welsh nationalism, radicalism and Socialism, be prepared to break the law, and await a "revolutionary opportunity" to *achieve Welsh self-government,* according to a report on the party's future published in Cardiff yesterday.

The 150 page report, the work of a Plaid Cymru commission of inquiry, argues *that the* ideological traditions in Welsh politics have so far been separated, but that they can be welded into an effective political force to bring Plaid Cymru renewed success in the 1980s.

The commission was established 18 months ago to try to pick up the pieces after the *party's severe setbacks in 1979* —the devolution referendum rejection of a Welsh Assembly and the significant decline in Plaid's subsequent General Election vote.

Having taken evidence all *over Wales, the commission* found a widespread disillusion with Westminster style politics and a belief that the party should no longer be bound by the "consensus-seeking, bland and dull approach" adopted during the 1970s. It should become more concerned with creating Nationalists than win*ning votes as "any power* achieved on the basis of negative rather than positive support is largely illusory."

The report claims that Plaid's successful Welsh television channel *campaign last year* represented the blending of the Welsh political traditions into a potent dynamic force feared by the Tories and which led to the Government's capitulation over the Fourth Channel.

"Whilst the party should normally operate in a constitutional way within the law, it should not regard laws imposed on us as necessarily sacrosanct, though the party should adhere to its declared total rejection of any activity likely to cause violence to persons," the report says.

Similarly, Nationalist councillors in local government should not merely achieve a better administrative record than their predecessors, but rather use their position "to *challenge the total English* system of Government in Wales."

But the report rejects suggestions that Plaid Cymru should work outside the present system *of government* altogether. "In the event of a revolutionary opportunity presenting itself, the strength of Plaid Cymru to maximise on the occasion will be directly related to the number of dedicated and capable people we have in Wales already publically recognised for their leadership at national and local level."

A dissenting minority report by one commission member, Dr. Phil Williams, a former vice-president of the party, attacks the majority recommendations for failing to clarify whether Plaid Cymru's role is simply to win a better deal for Wales within the existing framework *or a movement committed to* ending English rule.

He argues that it should stick to, and fulfil more effectively, the role of defending Welsh interests. In time, this might lead to the growth of a separate movement aimed at making London rule of Wales so difficult that independence would follow, he suggests.

OBITUARY

Viscount Amory

VISCOUNT AMORY, the former Conservative Chancellor of the Exchequer, who won great popularity in 1959 by cutting income tax and beer prices, died yesterday aged 81.

He only recently returned to his *isolated bungalow* home near Tiverton, Devon, where he died in his sleep. He had been ill since last year.

Educated at Eton and Oxford, Heathcoat Amory served in World War Two. He was a Lieutenant-Colonel on the General Staff.

He was elected MP for Tiver*ton in 1945.* His first ministerial appointment was Minister of Pensions in Sir Winston Churchill's Government in 1951.

In 1953 he was appointed Minister of State at the Board of Trade and in 1954 Minister of Agriculture.

In the Suez crisis of 1956 he was freely talked about as a possible successor to Prime Minister, Sir Anthony Eden. As a *non-controversial* Parliamentarian he was looked upon as a neutral leader who might heal what was then a serious rift in the Conservative Party.

He resigned in July, 1960 after 15 years in the Commons and nine years of ministerial office.

هكذا من الأصل

"When we invented the Apple, we created a new kind of bicycle."

Steve Jobs invented the Apple in 1975 with his partner, Steve Wozniak. Today, Steve Jobs is vice chairman of Apple Computer Inc., based in Cupertino, California. Apple Computer has grown to be a leader in personal computing.

What is a personal computer?

Let me answer with the analogy of the bicycle and the condor. A few years ago I read a study... I believe it was in Scientific American... about the efficiency of locomotion for various species on the earth, including man. The study determined which species was the most efficient, in terms of getting from point A to point B with the least amount of energy exerted. The condor won. Man made a rather unimpressive showing about a third of the way down the list.

But someone there had the insight to test man riding a bicycle. Man was twice as efficient as the condor! This illustrated man's ability as a tool maker. When man created the bicycle, he created a tool that amplified an inherent ability. That's why I like to compare the personal computer to the bicycle. The Apple personal computer is a 21st century bicycle if you will, because it's a tool that can amplify a certain part of our inherent intelligence. There's a special relationship that develops between one person and one computer that ultimately improves productivity on a personal level.

"There's a special relationship that develops between one person and one computer that improves productivity on a personal level."

Today, most people aren't even aware that the personal computer exists. The challenge of our industry is not only to help people learn about the personal computer, but to make the personal computer so easy to use that, by the end of this decade, it will be as common in our society as the bicycle.

That's one of the reasons I wanted to do this interview. I wanted to explain what a personal computer is, how it can help all of us make better decisions and how it will eventually impact all aspects of society... from training dolphins to glaucoma research to growing a more nutritious crop of soybeans.

What's the difference between a personal computer and other computers?

The key difference is that one-on-one relationship between man and machine I was talking about, because the emphasis is on a *personal* interaction.

The whole concept is this: for the same capital equipment cost as a passenger train, you can now buy 1,000 Volkswagens. Think of the large computers (the mainframes and the minis) as the passenger train and the Apple personal computer as the Volkswagen. The Volkswagen isn't as fast or as comfortable as the passenger train. But the VW owners can go where they want, when they want and with whom they want. The VW owners have *personal* control of the machine.

In the 60s and early 70s, it wasn't economically feasible to have the interaction of one person with one computer. Computers were very costly and complicated; 50 people had to share one computer. Back then, you could have the passenger train but not the Volkswagen. But with the advent of microelectronics technology, parts got smaller and denser. Machines got faster. Power requirements went down.

"When we designed the Apple, we wanted to offer the benefit of a £15,000 computer or a £100,000 time-sharing system with a computer that costs as little as £1,700."

Finally, electronic intelligence was affordable. We finally had the chance to invent the personal computer, to invent the "intelligent bicycle."

Basically, Steve Wozniak and I invented the Apple because *we* wanted a personal computer. Not only couldn't we afford the computers that were on the market, those computers were impractical for us to use. We needed a Volkswagen.

People like us were the initial market for the personal computer. After we launched the Apple in 1976, all our friends wanted one. By the time Apple II was on the market in mid-1977, the demand for the personal computer had already begun to skyrocket.

Today, we've sold over 150,000 Apple personal computer systems. That's because Apple recognized this passenger train/Volkswagen relationship about 2 or 3 years before anyone else. When we designed Apple II, we wanted to offer the benefit of a £15,000 computer or a £100,000 time-sharing system with a computer that costs as little as £1,700. Obviously, one of the differences between a personal computer and other computers is price. Another difference is size.

I'd like to use another analogy here: the huge motor and the fractional horsepower motor. When the first motor was invented in the late 1800s, it was only possible to build a large and expensive motor, just like it was with the early computers. Those motors were used to power entire shops, with pulleys and belts running throughout the shops to drive the individual machines scattered within. Only with the advent of the fractional horsepower motor could horsepower be brought *directly* to where it was needed.

With the portable Apple, you could say we invented the first fractional-horsepower computer. The Apple is small enough to go where you need it. You can get the information you need on your desk, in your office, in the lab, the school or the home. In other words, Apple broke down the huge monolithic computer into small, easy to use parts. We made the computer friendly. So, like the fractional horsepower motor distributed horsepower to where it was needed, the personal computer can distribute intelligence to where it's needed. Ultimately, it will be this distribution of intelligence that will *change the way we all make our decisions.*

You've stated that the personal computer can increase productivity on an individual level. How so?

Personal computers will increase productivity because personal computers are tools, not toys. For example, in the last 15 years, there have been only four tools that actually have increased the efficiency of the office worker: the IBM Selectric® typewriter, the calculator, the Xerox machine and the newer, advanced phone systems. Maybe that portable cassette player you're using could be number five. Like all those inventions, the personal computer offers its power to the *individual.*

"In the 80s, the personal computer will do as much for the individual as the big computers did for the corporation in the 60s and 70s."

In the 80s, the personal computer will do as much for the individual as the big computers did for the corporations in the 60s and 70s. Today, Apple's putting the power of computing into the hands of people who might never have had the chance to use it before.

We at Apple call our personal computer a third-wave tool. Alvin Toffler, in his latest book, writes that the first wave was the invention of agriculture...made possible by the tools of agriculture. The second wave embraced the tools of the industrial revolution. The personal computer is a third wave tool to help every individual deal with the complexities of modern society.

You know, about 10 million bicycles will be sold in America this year alone. When we start thinking of a personal computer as a bicycle, a Volkswagen or a fractional horsepower motor, we start to realize what kind of effect 10 million of these typewriter-size machines is going to have in our own lifetime.

This is part one of a three-part series where Steve Jobs talks about the personal computer, and the effect it will have on society.

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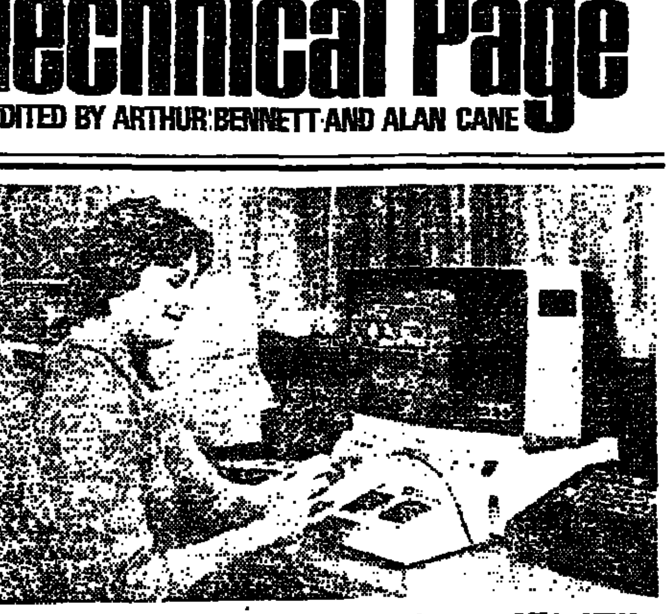
Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE



Colour viewdata terminal that works direct to ICL's ME29

ICL viewdata move

THE IDEA of using the relatively cheap minimal-intelligence colour TV terminal in conjunction with a small computer for private viewdata purposes has already been the subject of announcements by such companies as GEC, Honeywell Incoterm, Redifon, System Designers and Kirby Leicester.

Now, ICL has come out with a system called Bulletin which is being aimed at the users of existing ICL mainframe computers, starting with the ME29 medium scale machine. Thus ICL's approach is a little different since there is no minicomputer interposed between terminals and the company's mainframe.

Thus, Doug Comish director of ICL's marketing division, makes the point: "Bulletin integrates viewdata applications with other data and word processing operations and provides what we believe to be the first commercially viable system anywhere in the world." He sees the existing *ME29* installed base, some 700 machines so far, as a "hitherto untapped market for private viewdata systems." The aim is to have 1,000 Bulletin systems in operation by the end of 1983.

At the heart of Bulletin is some new software which provides the means to convert existing computer data to Bulletin page formats, to create new pages of information and *amend old ones*, to retrieve selected pages and look after security and data base management.

Terminals available are a 26-inch console model with separate keypad and a 14-inch business terminal with keypad or alphanumeric keyboards for full access and response. Manufactured by Thorn, they can both receive the public Prestel service. Other hardware includes a link unit for protocol conversion and to provide a link between the ME29 and the TV terminals.

GEOFFREY CHARLISH

Using computers to make a scene

BY DAVID KIRK

SPECTACULAR MOVIES such as *Alien* and *Star Wars* bear noisy witness to the fact that computer animation has come a long way in the past few years.

Now it is possible for computer-based systems to calculate and trace automatically the linking cells between the significant scenes in an animated sequence — a recent film *Dilemma* directed by John Halas (of Halas and Batchelor fame) makes use of this technique.

It is one of the first fully computerised graphic films ever attempted: based on the three-dimensional heads of Hungarian artist Janos Kass, the story depicts the saga of Man against himself.

But John Halas warned that manufacturers of computer graphics equipment must cease to war among themselves if further significant progress was to be made. He argued that they should pay more attention to standardisation than had been seen among makers of video tape recorders.

Conference

Mr. Halas was chairing the first computervision conference held last week at London's Cafe Royal Hotel.

Some 36 speakers, 175 delegates and several dozen video tapes and film clips formed the basis of Computervision '81.

Dr. Alexander Schure of the New York Institute of Technology explained that work on computer animation was far advanced now from the coarse black and white graphics of early systems; it now permitted high definition electronic painting and an almost unlimited degree of automated repetition or patterning.

Three dimensional surfaces could be simulated by electronic shading in proportion to the distance and angle of a surface from its equally synthetic light source.

The three-dimensional head by Janos Kass representing Man in the fully digitised computer animated film "Dilemma" produced by Halas and Batchelor.

A surprisingly realistic animated figure was shown as an example, a running two-legged creature composed of electronically generated cylinders and spheres, which was completed in a single night. The same equipment was also able to alter the viewing angle, viewing position and the size of the scene.

Savings in resources, are of course, one of the chief aims of computer animation. It was *estimated that for Mr. Halas' Dilemma*, using computer-based techniques saved some 50 per cent in costs and 30 per cent in animator's time over conventional methods.

Dr. James Blinn of the Jet Propulsion Laboratory, Pasadena, which is part of NASA, gave a rare outline of the techniques used in simulating the two 1980 Jupiter flypasts.

He showed first a see-through line drawing of a cup representing its front and rear surfaces. Those surfaces which would be invisible from the viewing angle could be removed *automatically to create a more* realistic impression of solidity.

The computer can then be instructed to paint the shape thus derived and to smooth out the geometric errors—in the example given by Dr. Blinn converting a polygonal into a circular cup.

The coloured surface could then be patterned from any static or moving original—it would be possible, for example, to wrap a flat photograph around *a teapot or a map* around a globe.

Realism

Simulated sunlight and reflections from the highlights could be added to give a greater impression of realism.

Twelve years after the BBC's "Anchor" caption generator first went into service, the technique has improved to a stage where standards compare favourably with the best printed lettering, according to Mr. John Aston of BBC TV. *Anchor* has now been succeeded by *Icon* which was used during the BBC's last election coverage—and is in regular use during *Th MoneyProgram e m.shd rl The Money Programme.*

Robert van der Leeden of Ampex outlined the AVA (Ampex Video Art) system, essentially an electronic aid to the production of still and simple animated graphics. A similar system is also being produced in Britain by Logica, the consultancy (as *Flair*) to a BBC design. Byron Turner (Thorn/EMI) promised that electronic painting would eventually be available to the home hobbyist. He acknowledged that video games in their present form were largely in the five-minute-wonder category.

A major problem expressed by many speakers was that of feeding animated images straight to video tape. Film remains the favoured medium for single-frame shooting though recently introduced electronic image stores now allow film-free video animation with a consequent saving in production time. Tokyo-based Nac Incorporated is one of the first companies to specialise in electronic animation aids and exhibited several of its products outside the conference room. These included a variation of the *AVA/Flair* concept called simply the *Electronic Painter*.

It costs some $22,000 fob Tokyo; there was also a digital frame store/animator capable of accepting some 120 frames, depending on the complexity of the image. Where quality was of secondary concern, a VHS-format video cassette store and interface were available at *about £7,000 fob Tokyo.*

David Kirk is editor of Video Magazine.

Marketing of copying machines

FOLLOWING SOME brief announcements made in September last year about Ricoh's plans to market its copiers under its own names, Kalle Infotec, the Hoechst subsidiary, which has marketed the Ricoh products for some time, has told the Financial Times that some confusion may have arisen about its future role.

In fact, it has concluded a new agreement with Ricoh under which it will continue to market the dry toner machines until 1990. Thus, virtually identical dry toner copiers will appear on the European market with both Kalle Infotec and Ricoh labels.

So far as Ricoh's liquid toner copiers are concerned, both Kalle and Nashua (the other main European supplier for Ricoh) will continue to sell the products until 1983, although there are options to continue to 1986.

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Big truck crane at work in Indonesia

SAID TO be the largest truck crane in the world, the MK 1000 Gottwald has completed its first contract by positioning 10 heavy chemical vessels within the planned time at the East Kalimantan Ammonia-Urea fertiliser complex being constructed at Bontang North, Indonesia.

The contract was the first undertaken by Montalev Sparrows SARL of Voreppe, France, a joint venture company formed by Sparrows, international lifting specialist of Bath, UK. It was awarded by C-E Lummus, general contractor for the multi-million dollar project acting on behalf of P. T. Pupuk Kalimantan Timur, a wholly owned Indonesian Government state company.

Preparatory to work on site, the crane and equipment were unloaded on to the site jetty and the crane was driven 500 metres to its first lifting position where it was rigged with a 72-metre main boom and Maxilift equipment to lift a reactor weighing 422 tonnes at 32-metre radius. The Gottwald model has a lifting capacity of 1,000 tonnes, says Sparrows.

NEWS IN BRIEF

LIFTS LOADS

EQUIPMENT designed to lift heavy and awkward loads into and out of commercial vehicles is now being manufactured by Stowalift, 30a Bridge Street, Hitchin, Herts.

It is called Stowalift 500 and is a platform unit which acts as an extension to the floor of the vehicle. The steel platform will carry 500 lb and is 33½ in square. It can be fitted without welding and requires only a single connection to the vehicle's battery, says Stowalift.

ROTARY TABLE

A CIRCULAR transfer table has been designed to be used for semi and fully automatic assembly, measuring or machining operations or a combination of these.

The standard table is 350 mm in diameter but the unit could be fitted with a 600 mm table. There is another version in which the centre of the table is stationary with a rotating platform around it.

The unit has a 0.7kW geared stepping motor with its own electrical and electronic control and with a comparatively light mass it is possible to have 70-200 indexing operations per minute.

Further information from Engineering & Scientific Equipment, 22-26 Mount Pleasant, Alperton, Wembley, Middlesex (01-903 4721).

IDENTITY KIT

A NEW camera has been introduced into the "On the Spot" identity card-making kit supplied by Morane Plastic Company, 19, Cuckoo Hill Drive, Pinner, Middx.

The kit is about the same size as a standard typewriter but lighter in weight, and contains all the necessary items to make tamper-proof cards, complete with photographs, anywhere within the user's premises where there is access to a normal power socket.

Part of the outfit, the four-shot instant camera enables singles, pair, or four colour pictures to be taken on one exposure number of the film. On a film pack with eight exposures, between eight and 52 separate subjects may be photographed.

TRACTOR-POWERED CLEANER

The air intake of a farm tractor's diesel engine can be used to operate a suction cleaner just put on the market by P. J. Parmiter and Sons, Station Works, Tisbury, Wilts. (0747 870821).

Designed to handle seed, fertiliser, dust and any other dry matter the cleaner requires little more than engine tick-over to produce full vacuum. It is called the Tractavac and includes a 2 ft 6 in vacuum "top" which can be fitted over a receptacle, such as a drum, to collect the material vacuumed-out from silos, storage bins and so on.

ANGLOVAAL GROUP

Mining Companies' reports – Quarter ended 31 December 1980

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures except those for Loraine Gold Mines, Limited for the quarter ended September 1980 and the financial year, are unaudited.
Rate of exchange on 31 December 1980 R1.00 = £0.55 £1.00 = R1,79.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept. 1980	Six Months ended 31 Dec. 1980
Operating results			
Ore milled ... t	753 000	763 000	1 516 000
Concentrates produced			
Copper ... t	31 003	33 270	64 273
Zinc ... t	32 015	36 098	68 113
Concentrates despatched			
Copper ... t	27 382	37 386	64 768
Zinc ... t	32 768	36 862	69 630
Financial results	R000	R000	R000
Operating profit	3 970	1 525	5 495
Non-mining income	180	345	525
	4 150	1 870	6 020
Interest paid	191	215	406
Net Profit	3 959	1 655	5 614
Loan repayments	1 283	—	1 283
Capital expenditure	1 541	1 603	3 144
	2 824	1 603	4 427
Development			
Advanced ... m	5 960	7 052	13 012

Financial
Despatches which vary from quarter to quarter are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital Expenditure
Outstanding commitments at 31 December 1980 are estimated at R264 000 (30 September 1980, R737 000).

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept. 1980	Financial year ended 31 Dec. 1980
Operating results			
Ore milled ... t	106 820	132 900	512 320
Antimony concentrates plus cobbed ore produced ... t	5 621	5 562	22 373
Antimony concentrates plus cobbed ore sold ... t	1 368	310	12 717
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	1 337	377	12 181
Gold sales	2 049	1 679	6 094
Sundry mining income	12	45	71
	3 398	2 101	18 346
Working costs	4 221	4 442	16 682
Working profit	(823)	(2 341)	1 664
Sundry non mining income	80	330	453
	(743)	(2 011)	2 117
Prospecting	140	135	496
Profit before taxation	(883)	(2 146)	1 621
Taxation		(1 144)	—
Profit after taxation	(883)	(1 002)	1 621
Capital expenditure	274	536	2 631
Dividend		—	1 248
	274	536	3 879

Operations
Despite the approximate 20% drop in ore milled the tonnage of concentrates produced was maintained due to an abnormally high head grade.

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
Interim dividend No. 69 of 30 cents per share, declared in June 1980, was paid August 1980. No dividend was declared in December 1980.

Capital expenditure
Outstanding commitments at 31 December 1980 are estimated at R244 000 (30 September 1980: R160 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept. 1980	Six Months ended 31 Dec. 1980
Operating results			
Gold			
Ore milled ... t	752 000	747 000	1 499 000
Gold recovered ... kg	7 971,20	8 067,60	16 038,80
Yield ... g/t	10,6	10,8	10,7
Revenue ... R/t milled	159,46	175,73	167,57
Costs ... R/t milled	49,55	49,11	49,33
Profit ... R/t milled	109,91	126,62	118,24
Revenue ... R000	119 911	131 273	251 184
Costs ... R000	37 258	36 684	73 942
Profit ... R000	82 653	94 589	177 242
Uranium oxide			
Pulp treated ... t	871 500	749 000	1 620 500
Oxide produced ... kg	126 047	99 759	225 806
Yield ... kg/t	0,14	0,13	0,14
Financial results	R000	R000	R000
Working profit – gold mining	82 653	94 589	177 242
Profit from sales of uranium oxide, pyrite and sulphuric acid	2 704	3 024	5 728
Non-mining income	1 552	1 726	3 278
	86 909	99 339	186 248
Interest paid	233	221	454
Net royalty payments	1 792	(2 314)	(522)
Profit before taxation and State's *share of profit*	94 884	101 432	186 316
Taxation and State's share of profit	49 525	61 799	111 324
Profit after taxation and State's share of profit	35 359	39 633	74 992
Capital expenditure	4 601	2 416	7 017
Loans received	530	—	530
	4 071	2 416	6 487
Loan repayments	46	46	92
Dividends	56 000	—	56 000
	60 117	2 462	62 579
Development			
Advanced ... m	15 457	15 657	31 114
Sampling results on Vaal Reef.			
Sampled ... m	2 956	3 622	6 578
Channel width ... cm	58	59	59
Channel value – gold ... g/t	23,7	26,0	25,0
... cm.g/t	1 386	1 536	1 469
– uranium oxide kg/t	0,41	0,42	0,41
... cm.kg/t	23,88	24,58	24,26

Dividend
Interim dividend No. 50 of 500 cents per share was declared in December 1980 and is payable in January 1981.

Capital expenditure
Outstanding commitments at 31 December 1980 are estimated at R3 652 000 (30 September 1980: R4 155 000)

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept 1980	Six months ended 31 Dec. 1980
Operating results			
Gold			
Ore milled ... t	75 800	74 000	149 800
Gold recovered ... kg	535,00	509,22	1 044,22
Yield ... g/t	7,1	6,9	7,0
Revenue ... R/t milled	101,52	112,78	107,08
Costs ... R/t milled	36,32	36,08	36,20
Profit ... R/t milled	65,20	76,70	70,88
Revenue ... R000	7 695	8 346	16 041
Costs ... R000	2 753	2 670	5 423
Profit ... R000	4 942	5 676	10 618
Financial results	R000	R000	R000
Working profit – gold mining	4 942	5 676	10 618
Non-mining income	295	228	523
	5 237	5 904	11 141
Prospecting expenditure	132	88	220
Profit before taxation	5 105	5 816	10 921
Taxation	2 545	3 176	5 721
Profit after taxation	2 560	2 640	5 200
Capital expenditure	566	315	881
Dividends	3 022	—	3 022
	3 588	315	3 903
Development			
Advanced ... m	1 936	1 946	3 882
Sampling results:			
Sampled ... m	1 344	978	2 322
Channel width ... cm	194	187	191
Channel value ... g/t	8,4	6,3	7,5
... cm.g/t	1 622	1 179	1 435

Dividend
Interim dividend No. 61 of 70 cents per share was declared in December 1980 *and is payable in January 1981.*

Capital expenditure
Outstanding commitments at 31 December 1980 are estimated at R142 000 (30 September 1980: R135 000).

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept. 1980	Financial year ended 30 Sept. 1980
Operating results			
Gold			
Ore milled ... t	415 000	408 000	1 605 000
Gold recovered ... kg	1 464,02	1 315,14	5 243,51
Yield ... g/t	3,5	3,2	3,3
Revenue ... R/t milled	52,04	55,07	48,71
Costs ... R/t milled	45,28	40,29	36,93
Profit ... R/t milled	6,76	14,78	11,78
Revenue ... R000	21 595	22 467	78 176
Costs ... R000	18 790	16 440	59 265
Profit ... R000	2 805	6 027	18 911
Financial results	R000	R000	R000
Working profit – gold mining	2 805	6 027	18 911
Loss on sale of uranium oxide and pyrite	17	(23)	2
Non-mining income	278	261	791
State Assistance – adjustment prior year	—	31	31
	3 066	6 342	19 731
Interest paid, stores adjustment, service benefits and dump grassing	4	431	431
*Tributing royalty payable	330	280	992
Profit	2 732	5 631	18 308
Capital expenditure	2 901	4 608	8 284
Loans received	316	—	—
	2 585	4 608	8 294
*Previously included in working costs			
Development			
Advanced ... m	5 969	5 719	18 039
Sampling results:			
"B" and "A" reefs			
Sampled ... m	44	80	474
Channel width ... cm	38	38	37
Channel value ... g/t	39,0	2,5	4,4
... cm.g/t	1 463	94	162
Basal reef			
Sampled ... m	370	320	828
Channel width ... cm	8	8	8
Channel value ... g/t	71,9	61,4	72,0
... cm.g/t	575	497	583
Elsburg reefs			
Sampled ... m	242	200	484
Channel width ... cm	104	87	81
Channel value ... g/t	5,1	4,6	4,6
... cm.g/t	534	400	378
Total – *all reefs*			
Sampled ... m	656	600	1 786
Channel width ... cm	45	38	35
Channel value ... g/t	13,7	10,7	11,7
... cm.g/t	619	411	415

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 31 December 1980 are estimated at R17 548 000 (30 September 1980, R18 947 000).

Village Main Reef Gold Mining Co. (1934) Ltd.

Issued capital 6 068 446 shares of 12.5 cents each.

	Quarter ended 31 Dec. 1980	Quarter ended 30 Sept. 1980	Six Months ended 31 Dec. 1980
Operating results			
Sands treated ... t	138 400	120 300	258 700
Gold recovered ... kg	97,32	100,50	197,32
Yield ... g/t	0,70	0,84	0,77
Revenue ... R/t Treated	10,45	13,21	11,73
Costs ... R/t Treated	6,06	6,23	6,14
Profit ... R/t Treated	4,39	6,98	5,59
Revenue ... R000	1 447	1 588	3 035
Costs ... R000	839	749	1 588
Profit ... R000	608	839	1 447
Financial results	R000	R000	R000
Working profit	608	839	1 447
Interest received and sundry revenue	18	12	30
Profit before taxation	626	851	1 477
Taxation	285	—	285
Profit after taxation	341	851	1 192
Capital expenditure	138	15	153
Dividends	303	—	303
	441	15	456

Dividend
Interim dividend No. 38 of 5 cents per share was declared in December 1980 and is payable in February 1981.

Capital expenditure
Outstanding commitments at 31 December 1980 are estimated at R144 000 (30 September 1980: R122 000).

General
Quarterly reports will henceforth be published on a regular basis.

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.
21 January 1981.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½%
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
Guinness Mahon	¶14 %		

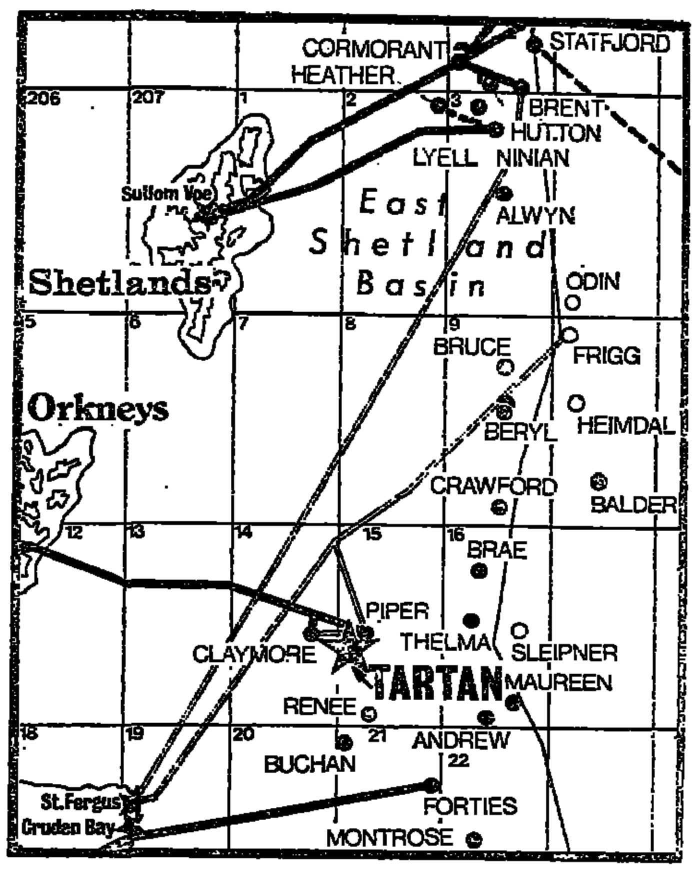
■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £8,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

FINANCIAL TIMES SURVEY

Wednesday January 21 1981

Tartan Oil Field

With Tartan operational, its owner, Texaco of the U.S., is already on line for further offshore activity following its successful application in the seventh round of North Sea licences. This time it will be working in consortium with two major UK food groups as junior stakeholders in the enterprise.



The jigsaw builds up

By Ray Dafter
Energy Editor

THE START-UP of Texaco's Tartan Field on January 8 last added another important piece to the jigsaw picture of Britain's North Sea oil and gas development.

Tartan does not merit a corner position in the puzzle; after all, it is not the first field, or the most difficult reservoir, or the biggest or smallest discovery to be exploited.

But it can be equated to one of the straight-edge pieces which help to form the important frame of the overall picture. Tartan, the 16th field to be commissioned on the UK Continental Shelf, should at its peak yield 89,000 barrels a day of crude oil and natural gas liquids along with 60m cubic feet a day of natural gas. As such it will help to underwrite Britain's net energy self-sufficiency, which, in turn, could last into the next century.

Mr. David Howell, Energy Secretary, visited key oil producing States in the Gulf earlier this month and took the opportunity to emphasise the North Sea oil achievement. The UK—now the tenth largest oil producer — had developed its offshore oil resources more rapidly than anywhere else in the world, he said.

The achievement is all the more remarkable bearing in mind the challenging hostile conditions of the North Sea environment, which have constantly necessitated advances in production technology. But the development programme has not been without its problems, as Texaco found to its frustration and embarrassment. It seems that each piece in the North Sea jigsaw picture has been difficult to fit, and Tartan was no exception.

Tartan was originally scheduled to enter production last spring, but bad weather and other development delays pushed back the commissioning date to the summer. Then Texaco, the sole licensee and operator of Tartan, encountered a problem that every developer dreads: the first production well was found to be unproductive. Texaco had to reassess its programme.

Originally the company had planned to drill all of Tartan's production wells from its single fixed steel platform. Now a floating, semi-submersible rig—the "Ocean Kokuei" — is drilling up to five wells away from the platform. These wells will be used both for oil production and for water injection to conserve reservoir pressure.

Reservoir

In addition, 14 production wells and 10 water injection wells will be drilled from the platform over a period of three to four years. Some of these wells will extend as much as two and a half miles from the platform.

The field extends over about 9,000 acres at depths of between 9,800 and 12,000 feet. Its location, in the southern third of block 15/16 — almost 100 miles north-east of Peterhead in Scotland — puts it close to the Occidental Group's Piper and Claymore Fields. As a result the oil from Tartan is being transported ashore via Occidental's Piper/Claymore pipeline to Flotta in the Orkney Islands and the gas is being piped to St. Fergus, near Peterhead, via the Piper platform.

Tartan is the first field in the UK North Sea to be developed to produce gas commercially from the outset. The flare boom, which is becoming a familiar sight to those sailing or flying in the vicinity of the North Sea, will — in Tartan's case — be used only for commissioning, well testing and relieving exceptional surges of reservoir pressure.

Tartan is also the first UK offshore field to involve just one company. Even the Forties Field, in most respects a British Petroleum discovery, has Shell and Esso as minority partners. As any oil operator will tell you, it is simpler to make things happen when there are no partners to consult and no second-guess decisions.

Texaco decided to manage the Tartan development itself rather than employ a contractor. It was a bold decision, given that it was the biggest in-house project ever undertaken by the company. However, Texaco reckoned that it could benefit from the experience of other North Sea operators which had developed earlier fields.

In the event, Texaco managed to hold the development costs very close to the original target of around £250m. The company said that the investment was approximately $530m. At recent exchange rates that level of spending equates with some £220m to £225m. although Texaco calculated that it had spent in excess of £250m.

But the dollar cost of Tartan means that the field's reserves are being exploited at a cost of a little over $2 a barrel. (Unofficial estimates put Tartan's recoverable reserves at between 240m and 300m barrels.)

Texaco has managed to hold down costs by installing what is, by North Sea standards, a light fixed production platform. The deckload, for instance, is 14,500 tonnes, about a third less than is normal for a field the size of Tartan.

Economy

The jacket and deck support structure were built as a joint venture by Redpath de Groot Caledonian in Methil, Fife, and by Union Industrielle et d'Enterprise (UIE) in Cherbourg, France. The fact that this work was completed on time—a newsworthy feat in itself—contributed to the economy of the overall project.

Texaco toyed with the idea of installing a floating production system similar to that in operation in Hamilton Brothers' Argyll Field or in British Petroleum's Buchan Field, due on stream later this year. But the U.S.-based company felt that a light platform, pinned to the seabed, would be an uncomplicated, economical solution to the development problem. Furthermore, the platform—standing in 465 ft of water—could still be brought on stream in a relatively short time.

Overall, it has taken just six years to exploit Tartan, by no means a simple geological structure, from the day it was discovered in January, 1975.

That discovery date is important because it means that Tartan's production profile is protected by the depletion guidelines as laid down by Mr. Eric Varley, the then Energy Secretary, in 1974. These so-called Varley guidelines gave operators the undertaking that no delays would be imposed on finds made up to the end of 1975; that no cuts would be imposed from these fields until 1982 or four years from the start of production (1985 in Tartan's case); that no cuts would be imposed on post-1975 finds until 150 per cent of the investment in the field had been recovered; and that the Government would generally limit any cuts to 20 per cent of planned daily output.

Mr. David Howell, the present Energy Secretary, has said he will honour these guidelines. But he also announced that he would be adopting a flexible depletion policy aimed at flattening the bump of potential net exports in the 1980s and extending net oil self-sufficiency as long as possible into the 1990s. Some industry executives believe that it might be possible to maintain self-sufficiency (achieved for the first time last summer) through to the turn of the century.

One way of holding back production now being considered by Mr. Howell is the delay of field development plans. Mr. Howell has already delayed the start-up of British National Oil Corporation's Clyde Field by two years.

However, much to the delight of the UK Offshore Operators Association (UKOOA), Mr. Howell has also stressed the importance of the positive side of any depletion policy: the encouragement for more exploration activity which should result in the new discoveries needed to maintain production levels in the 1990s. UKOOA maintains that to achieve the necessary drilling success the industry will have to sink an average of 65 to 90 exploration wells each year.

With this in mind the Government opted for an ambitious licensing programme.

The seventh round of exploration licences—some blocks of which have already been awarded—contains a number of novel features, most of which will have some impact on Texaco. For a start the Government has introduced the idea of signature bonuses for selected blocks. For the first time companies were invited to choose the blocks where they would like to drill. (A particularly prospective area of the northern North Sea was set aside for these bids.) Those companies that were successful and were awarded licences in this area, had to pay the Government a £5m fee for each block. Forty-two of these special blocks were awarded. Texaco was among the successful applicants.

The Government also put on offer 80 blocks in various parts of the UK Continental Shelf under normal licensing conditions. Many of these concession areas were regarded by the industry as only marginally prospective and only 55 of the blocks were applied for.

Criteria

All of the blocks are being awarded on a discretionary basis: the Government is picking the successful candidates using a number of criteria.

For instance, civil servants and Ministers have looked at the track record of applicants. This helped those companies that had successfully developed a North Sea field. They also evaluated the applicants' commitment to the UK oil industry—their interest in refinery, chemical and oil product markets, for example.

A tanker service is being used to carry Texaco's oil from Flotta to its important oil refinery at Pembroke, South Wales. Adjacent to the refinery, Texaco and Gulf Oil are constructing a joint 65,000 barrels-a-day fluid catalytic cracking unit which will convert heavy fuel oil to higher-value petrol and other premium products. Texaco will take 65 per cent of the cracking unit's output while Gulf has right to the other 35 per cent share. The whole project is costing the two companies an estimated £350m.

Despite these investments Texaco cannot disguise the fact that it is a U.S.-based company. Consequently, like a number of other American oil majors, it has had to take note of another important criterion that is being used in the selection of seventh round licensees. Mr. Howell has made it plain that he wants to see UK companies winning a sizeable slice of the new acreage. He has also said that he hopes to see some new names featuring in the list of successful applicants.

As a result of these hints American companies have been finding new partners for the seventh round. Texaco has caused some raised eyebrows by choosing two UK food companies—Unigate and Associated British Foods—as partners.

Mr. Garry Weston, chairman of Associated British Foods, described the venture as "potentially very exciting." Mr. John Clement, chairman and chief executive of Unigate, said: "We feel that judicious investment in British oil exploration is a sensible diversification in the interest of our total business."

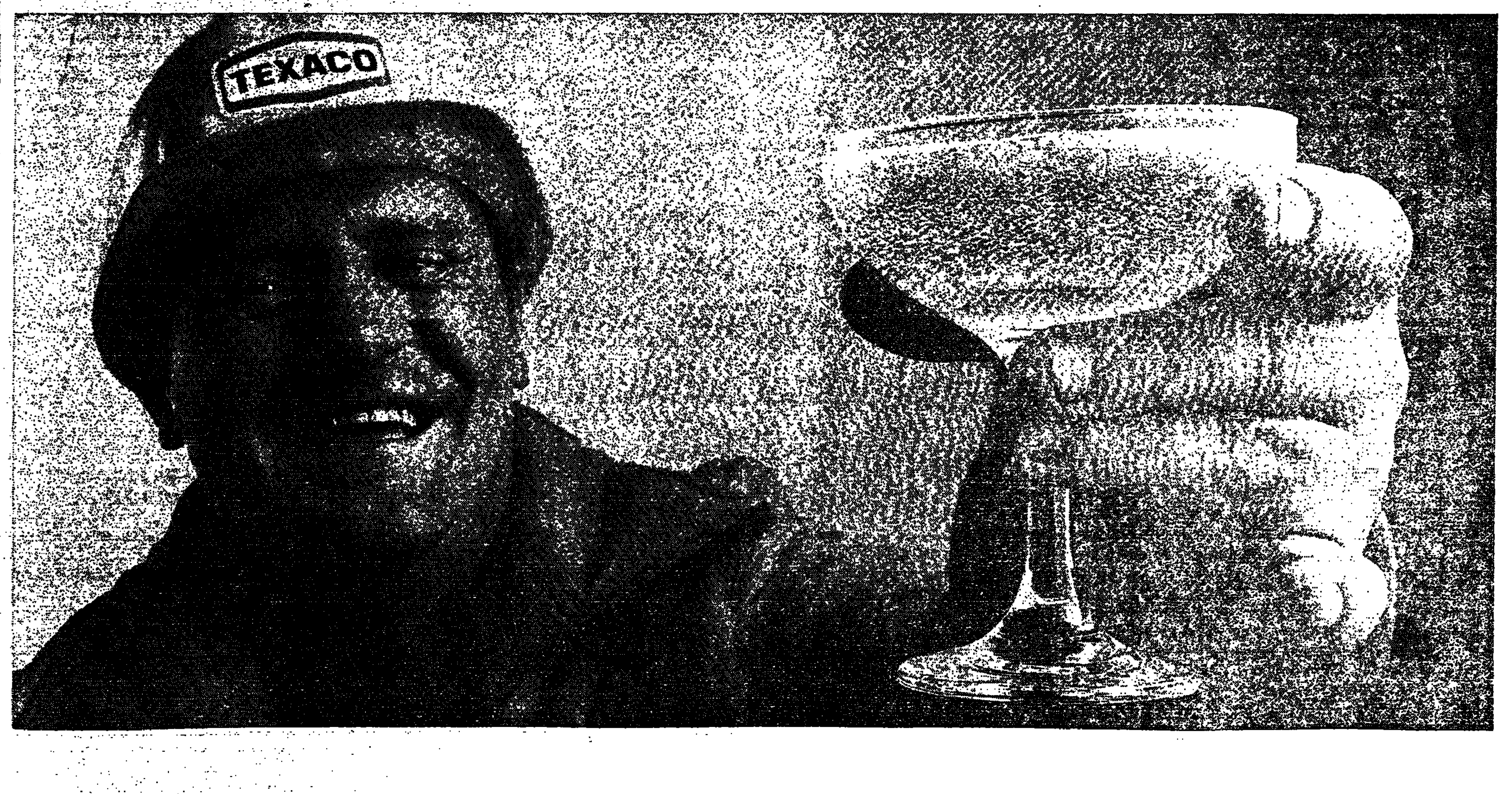
CONTENTS

Now Scotland will hear the skirl of our pipes.

The pipes from our Tartan Field have started to make exciting music.
For our new North Sea oil and gas pipes are now "on-stream."
Much needed crude oil will be flowing to Flotta in Orkney. Valuable natural gas will be piped ashore at St Fergus.
Texaco's huge multi-million pound investment in the North Sea is paying dividends for us all. Trust Texaco to think and plan for even more oil and natural gas.

TEXACO

Trust Texaco to think ahead.



One of the more complicated structures

IT WAS on December 28, 1974, that the Financial Times broke *the news* of the Tartan find, headlined cautiously as "Texaco makes 'significant' oil *discovery in the North Sea.*"

The pattern of the announcement has become a familiar one to *journalists* reporting on UK oil activities. Texaco said it was too early to speculate on *possible reserves* and that further delineation work would have to be carried out before *the commercial potential of the* find could be assessed.

Oil companies are always *reluctant to speculate so early* in an exploration programme. Nevertheless, in that news item I *pointed out that* Texaco's apparent optimism appeared to be borne out by a decision to *add a further exploration* rig to the test programme.

The optimism was well founded. During the following 12 months Texaco was engaged in a flurry of drilling activity. No less than five wells were sunk in block 15/16 close to the discovery well. Three of those five drilling operations were *successful, encountering* oil-bearing rock. According to industry reports the other two wells were plugged and abandoned as dry, but even they provided valuable information on what was emerging as a complex geological structure.

Two more wells were drilled during the following 18 months; each was plugged and abandoned *as dry*. *Then in the* summer of 1977 the drilling rig Sedneth 701 successfully con*firmed the main western* section of the field. A few days later, on August 31, 1977, Texaco announced its decision to go ahead with the Tartan development.

Texaco's exploration team had identified the Tartan structure, and other potential fields, from the early geophysical surveys made in the late 1960s. It was a case of the company then waiting to see if it could win the necessary discretionary licence to drill into the structure. The licence—number *P237*—was awarded *in* 1972 as part of the fourth round allocations.

Geologists had an inkling that if the field were to be confirmed—and there was no *guarantee that* oil would be found—it would be very complicated structurally. As the subsequent drilling programme demonstrated, they were right. Tartan carries with it a fair number of the North Sea problems: folds, faults and *separate oil and gas accumulations.*

The first exploratory well set the scene. The *Zephyr 1* exploration rig sunk a well to a total depth of 3.138 metres and located part of Tartan in Upper Jurassic rock. A flow rate of 7,246 barrels a day was recorded *through two 2-cm chokes in a* 12-metre interval of reservoir rock. The oil itself was found to be 40.8 degrees API—a light, high quality crude.

Profile

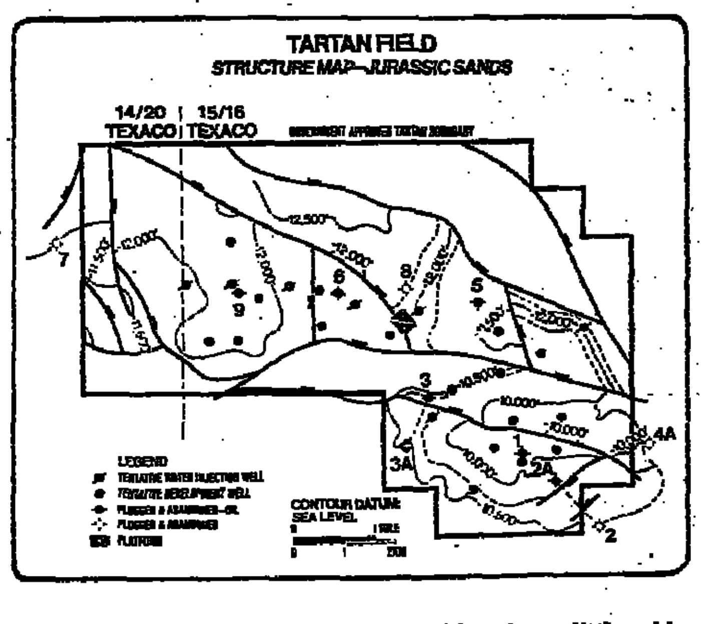
The other wells, those that were successful and dry, helped Texaco draw the complicated profile of Tartan. The field lies on a North West-South East *axis, virtually all of the reserves* being contained in block 15/16.

Published maps of the field—one of the clearest is in Offshore Promotional Services' "European Continental Shelf Guide and Atlas 1980"—show that Tartan's oil is trapped in a number of faulted rock structures. Stockbrokers Wood Mackenzie report there could be three or *four separate reservoirs.*

In order to reach all parts of the field deviated wells, in some cases more than three and a-half miles deep drilled at angles of up to 55 degrees from the vertical, will eventually radiate from the platform. The *platform itself, has been posi*tioned immediately above one of the field's major fault lines, *very close to the* third, fifth, sixth and eighth exploration wells.

The field is not big by early North Sea standards. The amount of recoverable reserves *is estimated to be about* 250m to 300m barrels with a gas/oil ratio of 1,100 cubic feet of gas for every barrel of crude oil.

But then none of the fields in that Moray Firth area can be *termed a North Sea "giant."* The nearby Piper and Claymore fields contain estimated recoverable reserves of around 620m and 400m barrels respectively. Like Tartan, these fields are contained in the Upper Jurassic geological horizon; the hydrocarbons being about 135m to 150m years old. Nearer to shore, but still within the Moray Firth Basin, is British National Oil Corporation's Beatrice Field with 160m barrels of estimated recoverable reserves.



Beatrice, too, is a Jurassic *field, although* a little older than Tartan. Jurassic is the most important reservoir rock for UK oil fields containing, as they do, such major discoveries as Brent in the East Shetland Basin, the largest British find to date with around 2.2bn barrels of recoverable reserves, Ninian (1.2bn barrels) and Thistle (about 500m barrels).

The one very large field so far found outside the Jurassic zone is British *Petroleum's* Forties Field to the south-east of Tartan in the Northern *North Sea Basin. Contained in* Palaeocene rock and dating back 54m to 65m years the *Forties Field* was thought to have contained around 1.8bn barrels when it was brought on *stream* in 1975. Recoverable reserves have just been upgraded to 2bn barrels. The Beryl and Montrose oil fields were similarly found in Palaeocene formations.

The offshore industry still has a great deal to learn about the geology and the oil and gas prospectiveness of the UK Continental Shelf. Most of the information will only be obtained through exploration, appraisal and production drilling.

Recognising this, the Government has pledged to step up the rate of exploration licensing. A start has been made with the seventh round of concessions.

A feature of the seventh round was the geographical spread of the blocks on offer. Of those specified by the Government a high proportion were in the far north to the north and north-east of the Shetland Islands. Some were in the gas-producing area of the southern North Sea while a *good number* were to be found in the English Channel and western approaches —*areas still to be evaluated by* oil explorers.

Ten blocks offered were in the Moray Firth *basin close to* the Beatrice Field and the pipeline carrying Piper/Claymore/ *Tartan crude to Flotta in the* Orkneys.

There was keen interest in seventh round *licences. But few* of the applicants could have had much hope of finding a *giant* like Brent or Forties. They will be very happy to find a medium-sized field like Tartan which, with today's oil prices and new production technology, can still be attractively profitable and which, with today's uncertainties about oil supplies, must still be extremely valuable.

Ray Dafter

There's only one turbine on the Tartan platform.

Ruston Type TB gas turbines are the only source of power on the Texaco Tartan platform.
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Advanced communications links

THE NORTH SEA is *one of the* most inhospitable places in the world, with its inherent dangers of bad weather and high seas. So one of the most important requirements for any oil company is good communications with its oil production platforms isolated so far from land.

The needs of oil platforms can be extremely complex, ranging from conventional telephone and telex to services *such as facsimile to transmit* daily logs back to shore and special data channels to carry computer information—if part of the production is controlled or monitored by computer.

If the platforms are fairly close to land large amounts of information can be carried by high capacity microwave systems. Microwaves are high frequency radio waves and are used in the southern-most parts *of the North Sea where plat*forms are in sight of land.

The Tartan Field shares the communications facilities used by Occidental's Piper field. It employs a special microwave system because it is too far from land to apply conventional microwave techniques. The Post Office has spent several years and about £10m to improve North Sea communications to allow oil and gas production platforms to connect directly into the public telephone network *just like any other user.*

They make use of a technique called Tropospheric Scatter—*first discovered by Marconi* in 1933—which uses microwaves. Used normally, microwaves can carry vast amounts of computer data, telephone conversations, telex and facsimile needed by companies to run their day-to-day operations. They have a serious drawback, however, in that, like light, they can only travel in straight lines and their range only extends as far as the horizon.

*This is useless for oil plat*forms in the central and northern areas of the North Sea which are typically 100 to 200 miles offshore.

Tropospheric scatter allows engineers to increase the range of microwaves up to about 400 miles. Its principles are that very powerful microwave sig*nals are projected upwards* towards the horizon in a narrow beam in the direction of the platform from the shore transmitter, or vice versa.

Ever-present turbulence in the earth's lower atmosphere, the troposphere, scatters the beam—just as a car's headlights can be seen at night even when the car itself is out of sight over a hill.

While most of the power of *the beam is lost, sufficient* remains in the scattered beam to be picked up by powerful receiving aerials far beyond the horizon. Compared with the original signal they are one thousand trillion (million million) times smaller. The receiving equipment amplifies the signal to its original strength.

In 1976, using equipment supplied by Marconi Communi*cations, pioneers in this field,* the Post Office inaugurated its international telecommunications services for the North Sea. Mobil's Beryl Alpha was the first platform to be provided with an automatic telephone service using tropospheric *scatter techniques. It lies some* 95 miles east of the Shetlands and now more than 15 other platforms have joined the service.

Stations

In order to serve the North Sea, the Post Office has built *two special* microwave shore stations. One at Mormond Hill in north-east Scotland serves the central area of the North Sea, while a second at Scousburgh on South Shetland links the most northern platforms. These stations are mutually linked by a tropospheric scatter system.

On each platform, equipment similar to that on the shore is installed. The need for high reliability means that the Post Office prefers that for any particular group of platforms there are two different tropo*spheric links.*

In practice this means that usually two platforms are equipped as "master stations" and serve all the other platforms in the area. They are linked to the other platforms by conventional "line of sight" *microwave systems.*

The master stations operate alternately so that a sudden loss of communications from one station does not impede communications to the shore. It only takes 11 seconds to change from one master station to the other. Cormorant A platform, for example, acts as the master station and alternates with BNOC's Thistle platform.

A tropospheric scatter system has *also* been *planned* for Shell's Auk platform—although on its own it is not economic. The addition of the Fulmar Field a few miles away makes the investment feasible. At a distance of 175 miles Fulmar will be the furthermost from the shore.

Before 1976 the Post Office had not used tropospheric scatter for communications, apart from experiments. *Throughout* the world tropospheric scatter is used for military and domestic communications where the terrain is too mountainous to use *conventional microwave* techniques. The North Sea provides the first maritime application of its kind.

The Post Office has studied the possibilities of using satellite and submarine cables as alternatives. But it found that both were too expensive. A satellite could not have been launched in time to serve the platforms coming on into operation and the launch itself would have been extremely costly. Undersea cables, on the other hand, face the danger of *damage from* activity around the platform, ships' anchors and heavy fishing in the North Sea.

As well as microwave systems, the Post Office also provides several other forms of radio communications which can reach as far as the shore, such as an emergency link to Post Office coastal stations on lower frequencies than microwaves.

Elaine Williams

CONGRATULATIONS TO TEXACO

TIMAR ENGINEERING PERSONNEL, having had responsibility for the structural detail design engineering of the jacket and module support frame, are proud to have been a part of the successful installation of the Tartan 'A' Platform and extend best wishes to Texaco for continuing success in the Tartan Field development.

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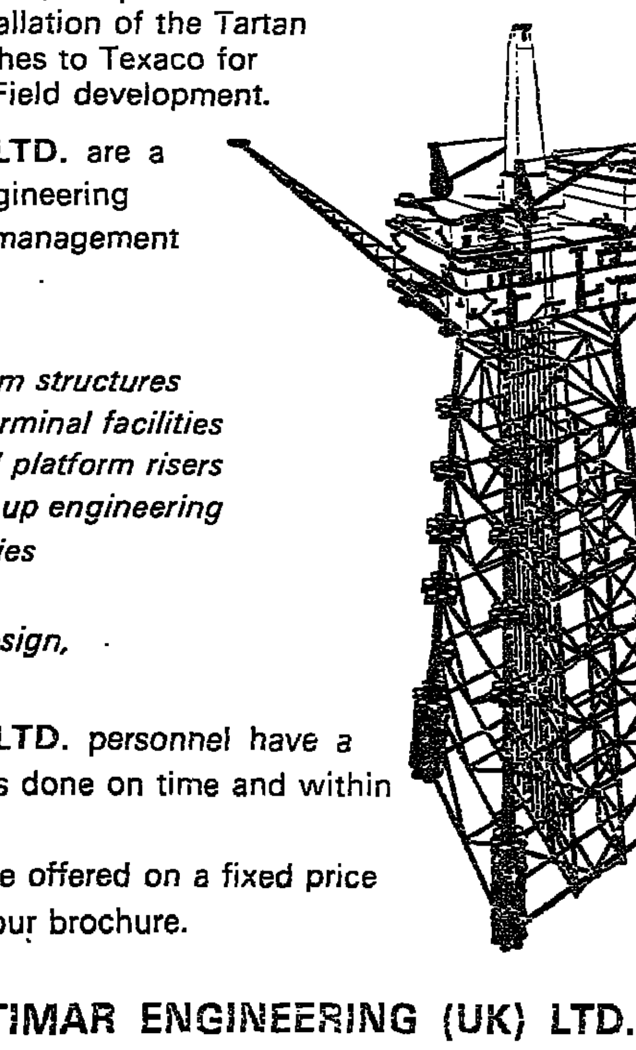

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Reappraisal of North Sea output prospects

THE *Tartan Field* is the 16th commercial oil discovery to be brought into production in the UK sector of the North Sea. All being well, the field will be contributing a modest — but still important — 3 to 5 per cent of UK oil output over the next few years.

Texaco, the field's owners, said earlier this month that at peak production Tartan's crude oil and natural gas liquids would flow at a rate of up to 89,000 barrels a day (b/d). This peak production, which should occur during the period 1982-1985, should be seen in the light of overall UK production levels which in 1984, according to the Energy Department, should be between 1.9m and 2.7m b/d.

There are uncertainties attached to all of these figures. First, it is assumed that all will be well and that Tartan will reach its potential. Secondly, it is still not known to what extent the Government will implement its powers to regulate production rates through depletion control measures during the next couple of years.

While there is nothing to suggest that Tartan will not live up to expectations, it must be recognised that delays and disappointments have inevitably occurred as a result of the hostile North Sea conditions and, in many cases, the puzzling reservoir characteristics. Texaco has already experienced one significant setback: the drilling of an unsuccessful production well.

Expectation

A glance at past reports by the Energy Department — the "Brown Books" of oil and gas statistics in particular — shows how bad weather, delays in development work (themselves the result of labour problems and the adoption of frontier technology), accidents and reservoir problems have combined to lower expected production rates. In 1974 the Department expected total North Sea 1980 output to be between 100m and 140m tonnes (2m to 2.8m b/d). By 1977 the expectation had fallen to 90m-110m tonnes (1.8m-2.2m b/d). During last summer the sights were lowered again: to 80m-85m tonnes (1.6m-1.7m b/d).

Unofficial estimates suggest that last year's output reached an average of about 1.6m b/d, barely a 2 per cent increase over the previous year. Such a modest growth was in sharp contrast to the fast initial build-up of North Sea production.

The reasons are multifarious. They involve (excluding Tartan):—

● *Brent* — the biggest UK field, where gas-flaring restrictions coupled with construction and installation delays have reduced the industry's estimate of 1980 production from an originally forecast level of 350,000 b/d to nearer 150,000 b/d. According to stockbrokers Wood, Mackenzie, Brent's output in the 12 months from December 1979 to November 1980 averaged only 133,000 b/d, a 28 per cent drop on the previous year's level.

● Buchan — a small field (some 50m barrels might be recovered) but one with more than its fair share of development problems. British Petroleum, the field's developer, hopes that production will begin by spring — some 18 months to two years behind the original schedule. The cost of the project, involving a converted exploration rig, was said in October to be £186m — 40 per cent more than the first estimate.

● Claymore — the peak output has been downgraded.

● Cormorant — the production build-up has been slower than expected.

● Heather — a disappointing reservoir performance has resulted in a slower build-up of production than expected.

● Montrose — again a disappointing reservoir performance; industry estimates suggest that the average peak output will be nearer 30,000 b/d than the initial expectations of 50,000-60,000 b/d.

● Ninian — production build-up has been slower than expected as a result of development delays at the Sullom Voe terminal in the Shetland Islands and changes in the development drilling programme.

● Piper — production, which *had reached a peak of 274,000* b/d in 1979, was restricted to about 200,000 b/d last year so that Occidental, the operator, could assess future capabilities and reserves.

● Thistle — the production build-up has been slower than expected.

On the *other hand*, there have been some pleasant surprises. Most notably, BP's big Forties Field is yielding oil at a faster rate than once envisaged. The field was originally planned to produce a top rate of 400,000 b/d but in 1976 the decision was taken to raise this peak to 500,000 b/d. This level, first achieved in 1978, could be maintained through this year, and possibly longer, although BP has still to announce its plans. A few days ago the company did announce that recoverable reserves in Forties were nearer 2bn barrels than the originally estimated 1.8bn. That increase, of 200m barrels, was the equivalent *of BP finding a new* medium-sized commercial field.

Other fields — including Argyll, Beryl, Dunlin and the UK portion of the Statfjord Field — also produced at slightly higher rates in 1980 than some analysts had expected.

Looked at in total, however, the shortfalls clearly outnumber the gains.

With this in mind the Government has deliberately settled for a flexible oil depletion policy, one that can be fine-tuned to take account of future uncertainties. Mr. David Howell, Energy Secretary, summed it up at the end of July: "The Government is not in a hurry to produce a neat blue-print for North Sea production. Those who call for such a blue-print show an immaturity and complete misunderstanding of the problems associated with the North Sea."

But assuming that the present batch of commercial fields do perform as now expected, and that more fields are brought on stream in the next couple of years, it is almost certain that Mr. Howell will implement some production controls.

His aim, he says, is to prolong high levels of production from the UK Continental Shelf to the end of the century. This will *mean taking measures* to hold back some of the possible output during the peak years of UK production; in other words, to flatten the hump of the oil production profile.

There are some oilmen — in the UK Offshore Operators Association, Shell, BP and British National Oil Corporation for example — who believe that by moderating oil flows during perhaps the next decade but, more important, by encouraging faster exploration and development, it might be possible to prolong the country's oil self-sufficiency from this winter through to the turn of the *century*.

As it stands, the hump of net oil-exporting capability might last only until the end of the 1980s without any depletion controls. But there is a good deal of controversy within the offshore industry about the extent of this potential surplus. Mr. Howell reckons that the amount of oil that could be affected by a depletion policy—the amount of surplus above self-sufficiency levels—might be about 250m tonnes. This would be equal to about three years of UK oil consumption. According to some major companies within the UK Offshore Operators Association, the potential surplus would be much less, *perhaps no more than 100m* tonnes.

Recent studies have shown that there will be scope for depletion measures, however. This opportunity must be set against the latest projection for UK oil demand over the coming years. At present it seems unlikely that during the 1980s demand will rise much above 85m to 90m tonnes a year, or 1.7m to 1.8m b/d. That is the self-sufficiency level.

The Energy Department, in its latest "Brown Book" of oil and gas statistics, shows that 1982 output could be in the range of 1.8m to 2.4m b/d. By 1984 the production level could be 1.9m to 2.7m b/d.

Mr. Howell has a number of ways to reduce output to nearer *the self-sufficiency line. He can*, for instance, delay some of the development projects (those covering fields discovered after 1975). With this in mind he has already announced that BNOC's Clyde Field is to be held back for two years. Mr. Howell has also discussed a similar ploy with Phillips Petroleum, developer of the Toni-Thelma-Tiffany complex of reservoirs in the "T block."

By deferring royalty payments the Government could reduce North Sea output by up to 12.5 per cent. Royalties are now taken in kind, as crude oil, and there can be little doubt that companies would prefer to see the Government opting to bank this royalty interest rather than insisting on reductions in industry outputs.

Deferment of royalty income would obviously hit Government revenues from the North Sea during the period of depletion controls. Royalties are expected to contribute an average of at least £1.5bn per annum over the coming years, according to a recent industry report.

Mr. Howell might thus decide to spread the burden across both industry and Government interests. He can, for instance, impose cuts already accepted by the industry under assurances given by Mr. Eric Varley, his Labour predecessor as Energy Secretary, in 1974.

The "Varley Guidelines," which are to be honoured by the present Government, gave oil operators the following undertakings:

● No delays would be imposed on finds made up to the end of 1975.

● No cuts would be imposed *from these fields until 1982 or* four years from the start of production.

● No cuts would be imposed on a post-1975 discovery until 150 per cent of the investment in the field had been recovered.

● The Government would generally limit any cuts to 20 per cent *of planned daily* ouput.

These, then, are some of the ways the Government can *exercise a depletion* policy. But there is another side to the coin, one emphasised recently by Mr. David Howell. He accepted that apart from holding back some production in the next few years there was a need to stimulate exploration activity in order to find the fields that will maintain a high level of oil output in the 1990s.

The new seventh round of exploration licences, larger now than originally planned thanks to industry pressure, will go some way towards providing the necessary stimulus. But companies are already looking for the prospect of further new *licences—essential, they say, if* they are to learn more about the oil potential of the UK Continental Shelf.

The latest Department of Energy figures show that about 2.4bn tonnes, or roughly 17.5bn barrels, of crude oil remain to be recovered from known fields and other commercial dis*coveries. The Department* reckons that the amount of oil still to be found on the UK Continental Shelf could be in the range of 800m to 1.8bn tonnes (5.8bn-13.2bn barrels).

Studies within the UK Offshore Operators Association have shown that exploration success peaked in 1975 when discoveries of theoretically recoverable oil were 3.175bn barrels. In 1977 725m barrels *were discovered. In 1979 the* discovery rate fell to just 250m barrels of recoverable oil — less than 40 per cent of the amount needed to keep the UK self-sufficient for a year.

Put another way, the amount of oil found by the UK offshore industry during the whole of 1979 was about the same as the recoverable oil in Texaco's Tartan Field. It is a disturbing thought for those planning the UK's oil future that it will take the discovery of more than seven fields the size of Tartan to replace the depleted reserves of British Petroleum's Forties Field. Moreover, Tartan is now looking to be a big field when set alongside some of the latest commercial discoveries.

R.D.

Lightweight platform chosen

THE PRINCIPLES lying behind the design of the Tartan platform sound rather like an advertisement for a lager beer: lightness and strength.

Clearly any platform standing in 465 feet of water and needing to withstand wave heights of 94 feet and winds of over 100 mph will have to be strong. But why light?

The answer lies in the fact that Tartan is one of the North Sea's smaller fields. Texaco, wanting to develop its find rapidly and within a tight capital budget, saw a light platform as a quick, economical solution.

At one time the company toyed with the idea of using a floating platform, similar to that in use in the Argyll field or Buchan. But it finally plumped for a fixed steel structure of in-house design, which was further developed by *McDermott Hudson Engineering*.

The platform has two particularly notable features. First, it has a much lighter deckload than most, the topside operating weight being just 14,500 tonnes. Excess weight has been cut to a minimum—to the extent that gas passes up through the emergency flare boom via one of the support struts, rather than through a separate gas line.

The reduced topside weight has in turn allowed the platform jacket — the square, truncated pyramid which supports the deck—to be a relatively unelaborate structure. It has four legs, rather than the eight which are more common in the North Sea.

The jacket and deck support structure were built (on time) as a joint venture by the Cherbourg yard of Union Industrielle et d'Enterprise (UIE) and Redpath de Groot Caledonian of Methil, Fife.

Completed

Final assembly was done in the Cherbourg yard and the jacket was towed out to the field in the summer of 1979. Pile-driving — attaching the jacket firmly to the bottom *with giant steel piles penetrat*ing 200 feet below the seabed —was completed in 10 days by Heerema Engineering Services. This is believed to have been the first time in the North Sea that the pile installation involved no offshore welding.

Just 27 days after the installation of the jacket, all the modules had been installed on the platform superstructure and the long job of "hooking up"—linking each section—got under way.

The completed platform reaches 800 feet above the sea floor and weighs 37,000 tonnes. It is capable of handling 75,000 barrels of crude, 12,000 barrels of natural gas *liquids* and 50m cubic feet of gas a day.

It provides three separation stages for the division of oil and associated gas. The separated gas will be compressed and dehydrated, and liquefiable hydrocarbons recovered through a refrigerant system.

The processing equipment is in eight modules, arranged in two decks of four. Half were built at the Dordrecht, Holland, yard of Penn and Bauduin and contain fire pumps, utilities and water filtration; oil pumping; control room and stores; water injection equipment and *generators*.

Burntisland Engineers and Fabricators of Fife was responsible for the well deck and storage modules (as well as the drilling modules) while William Press of Wallsend on Tyne built the oil separation and gas compression units.

Power for the platform comes from 13 Ruston TB 5000 gas turbine engines (some of them equipped for heat recovery), an order worth more than £5m to the Lincoln-based company.

Five of these sets provide the power for drilling and the platform services, three drive the water injection equipment (water injection being a feature *of Tartan from the start), three* drive the gas compressor sets and two power the oil pipeline pumps.

The accommodation module, built by Dragados y Construcciones of Cadiz, is of an integrated box design and includes 46 two-berth cabins together with the usual dining room, galleys and recreation room.

Slantwise

One notable feature of Tartan is the depth the wells will have to be drilled—up to three miles slantwise. Despite this, only one drilling rig has been in*stalled above the 30 well slots*, again for reasons of weight.

The rig derrick is fully clad, both for weather protection and to improve its operating efficiency. The drilling machinery is made by the National Supply Company UK, which is also providing the platform's two main offshore cranes.

Until the last few months of 1979 work on the platform was on target, thanks partly to an aggressive policy by Texaco of advance-ordering long-delivery items of equipment, good delivery dates by most of its suppliers and efficient installation by Heerema.

However, problems over the start-up date began last winter. These included poor weather, two periods of absence by the support barge and the non-completion ashore of some module work. This was offset by good hook-up work by Grootcon (UK) but every hour of work lost ashore is estimated to cost three hours offshore.

Start-up was put back from the spring of 1980 until the summer—and then Texaco encountered well difficulties which meant further months of delay.

Texaco is coy about details of the platform's cost but it says that the whole development *(including pipelines) is close to* its original £250m estimate.

Within that total, engineering costs are estimated to be 8 per cent, equipment and materials 15 per cent, pile-driving and lifting 8 per cent, pipelines 23 per cent, fabrication 22 per cent and hook-up and commissioning 24 per cent.

Martin Dickson

WHO THE HECK IS LAWRENCE-ALLISON?
DOES APSL RING A BELL?

If you're still bemused, we are the people who designed and engineered the drilling and oil production facilities of Texaco's Tartan field in the UK North Sea.

The brief was to provide the design and detailed engineering of facilities for the production of 75,000 barrels per day of oil, 14,000 barrels per day of natural gas liquids with associated gas production of 60 MMSCFD.

The Topside facilities we engineered included everything you would associate with an offshore oil production platform–designed to an unusually lightweight specification.

As well as the Tartan project, we should add that Lawrence-Allison is providing services to the oil industry internationally–in the Middle East, Far East, North, Central and South America, and the vast European oilfields –with the capabilities and resources for any single source project responsibility in the petroleum industries.

We've done it for Texaco in the North Sea and many others everywhere. Right now we're in the construction phase of 1.3 million BOPD production facilities for Zadco in the Abu Dhabi waters of the Gulf.

In 1978 Lawrence-Allison acquired the Process Systems Division of Ameron Inc.

Since July 1980, Lawrence-Allison has been a wholly owned subsidiary of the Trafalgar House Group.

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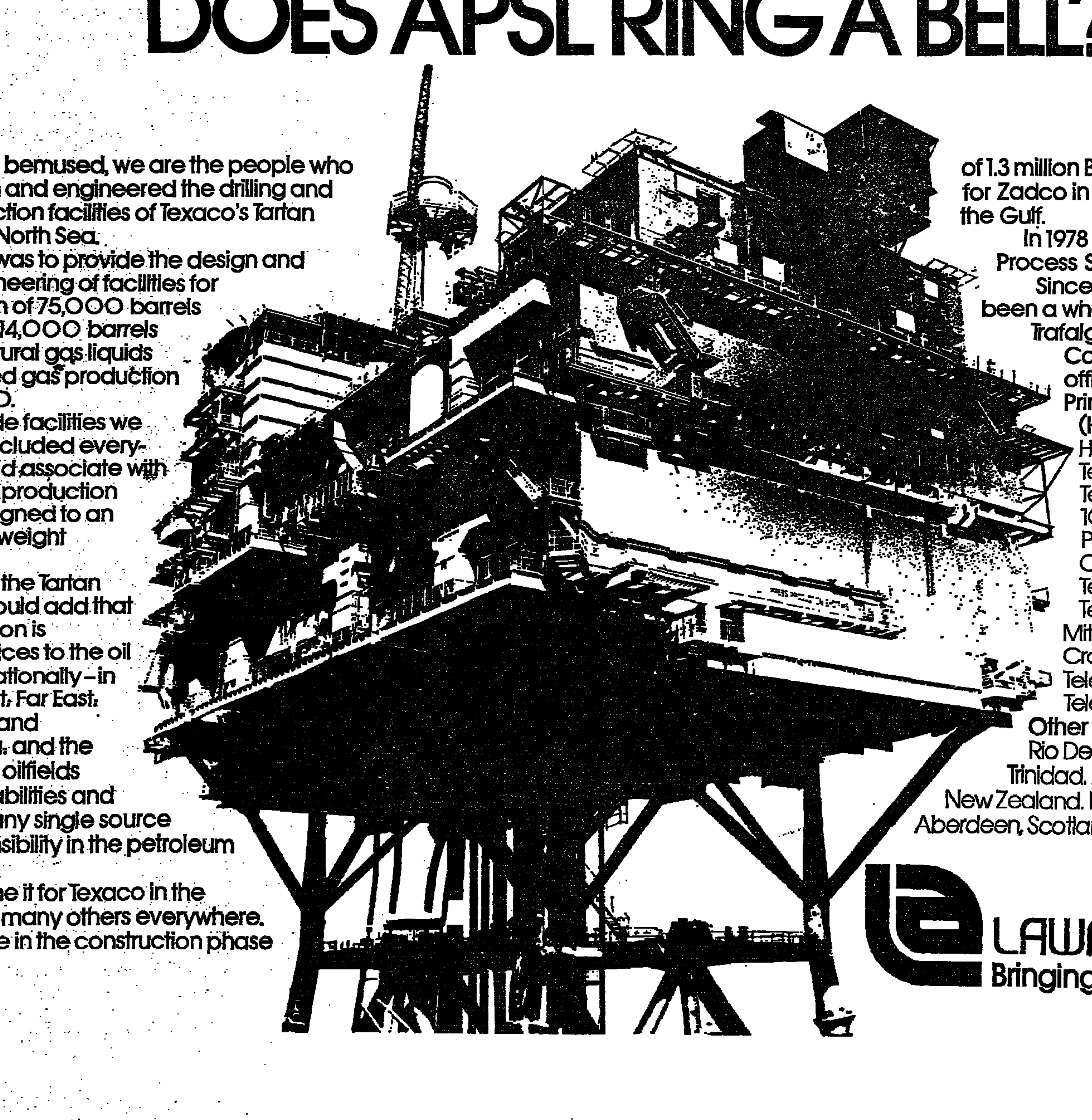

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Pipelines tap into network

TEXACO'S TARTAN Field in the North Sea is right next door to the 135 miles long Occidental group pipeline which runs from the Piper Field to the oil terminal at Flotta in Orkney.

Taking ashore crude oil and natural gas liquids from Tartan therefore posed comparatively few problems for Texaco. What the company had to do was to obtain Occidental's approval for *the Tartan Field to be linked* into the existing pipeline network. Agreement between the two U.S.-based groups was reached in January 1979 and soon after Texaco authorised the construction of a 17-mile spur line to run from the Tartan Field to the nearby Claymore platform and thence to the Piper-Flotta pipeline. The 24 in diameter spur line was laid by Oceanic, a subsidiary of J. Ray McDermott.

The Tartan field on Block 15/16 lies between the Piper field to the east on Block 15/17 and the Claymore field to the west on Block 14/19. Claymore and Piper are both owned by the Occidental consortium in which Occidental Petroleum has *a 36.5 per cent share*. Getty Oil (Britain) 23.5 per cent, Thomson North Sea 20 per cent and Allied Chemical (North Sea) 20 per cent. Occidental of Britain and Occidental Petroleum (Caledonia), both subsidiaries of the Occidental Petroleum Corporation, are the operators for the consortium.

Terminal

It was the Occidental consortium which discovered the Piper oilfield, 100 miles East of Wick in Scotland, in 1973. Occidental then began the search for a suitable oil terminal site on the Scottish mainland or in the Northern Isles.

The group finally decided that the Orkney Islands, with the big advantage of the natural harbour of Scapa Flow, would provide the best location. After advice and guidance from the Highlands and Islands Development Board and from the Orkney Islands Council, it was agreed that the island of Flotta—or Flattey, the flat island, as the Norsemen called it—should be the site for the new terminal.

Plans for the terminal and for a pipeline from Flotta to Piper were already in hand when in 1974 the Occidental group discovered the Claymore oilfield. Claymore, with estimated rserves of 55m tonnes of crude, was smaller than Piper with its 68m tonnes. But it was decided to develop Claymore none the less—partly because of its nearness to Piper and to the proposed Piper-Flotta pipeline.

One of the critical problems facing Occidental was how to combine the economic need for a speedy construction programme at Flotta with the social and environmental needs of the island and its people. The latter sometimes had to take precedence over the former. The storage tanks at the terminal, for example, are only 48 feet high, which means they are not of the most economic ratio of height to diameter.

Occidental's proposals for the Flotta terminal—the total cost of the terminal and the pipelines now stands at $540m—included five floating roof tanks, each capable of taking 500,000 barrels, plus two gas/oil separation trains, two single point moorings in Scapa Flow designed for tankers of up to 200,000 dead weight tonnes and a liquid petroleum gas (LPG) loading jetty capable of taking 30,000 dwt tankers.

By the end of 1976 a 135-mile 30 in. diameter pipeline had been laid running from the Piper field to Flotta and the first oil started to flow through it to the terminal. Two weeks later the Flotta terminal was officially opened.

But Occidental then had to start work on the second phase of the terminal so that it could take crude production from the Claymore field. Two more tanks, this time capable of taking 1m barrels each, were needed. The group had also had to extend its Piper-Flotta pipeline. This had been done in 1976 when a 9 mile 30 in. diameter spur line was laid to connect the Claymore field to the main pipeline.

In November 1977 the Claymore field started production and now the pipeline complex and the Flotta terminal is also handling crude and natural gas liquids (NGLs) from the Tartan field.

When Tartan reaches its peak production, which it is expected to do next year, it will be sending some 75,000 barrels a day of crude oil plus 12,000 barrels a day of NGLs through the pipeline to Flotta. There the crude will be treated so as to remove the gas, water and any impurities before it is shipped on to oil refineries.

Shipments of processed crude from Flotta started in January 1977. The number of ships and the amount of crude handled is impressive—by August this year over 800 ships carrying more than 50m tonnes of oil had been through the terminal.

In addition to the crude oil, 398m tonnes of propane and 54m tonnes of ethane—both natural gas liquids used as raw materials for making petrochemicals—were shipped out of the Flotta terminal and on to other destinations. Crude from the Tartan field is to be refined at Texaco's own refinery in Pembroke in South Wales.

But as well as producing crude and NGLs, the Tartan field will also be producing around 60m cubic feet a day of natural gas. The gas from Tartan is also having to be piped ashore—but not through the Flotta system. Texaco authorised the laying of a 12-mile gas line in 1978—again it was laid by Oceanic, using lay barge 27—between the Tartan platform and the nearby Piper platform.

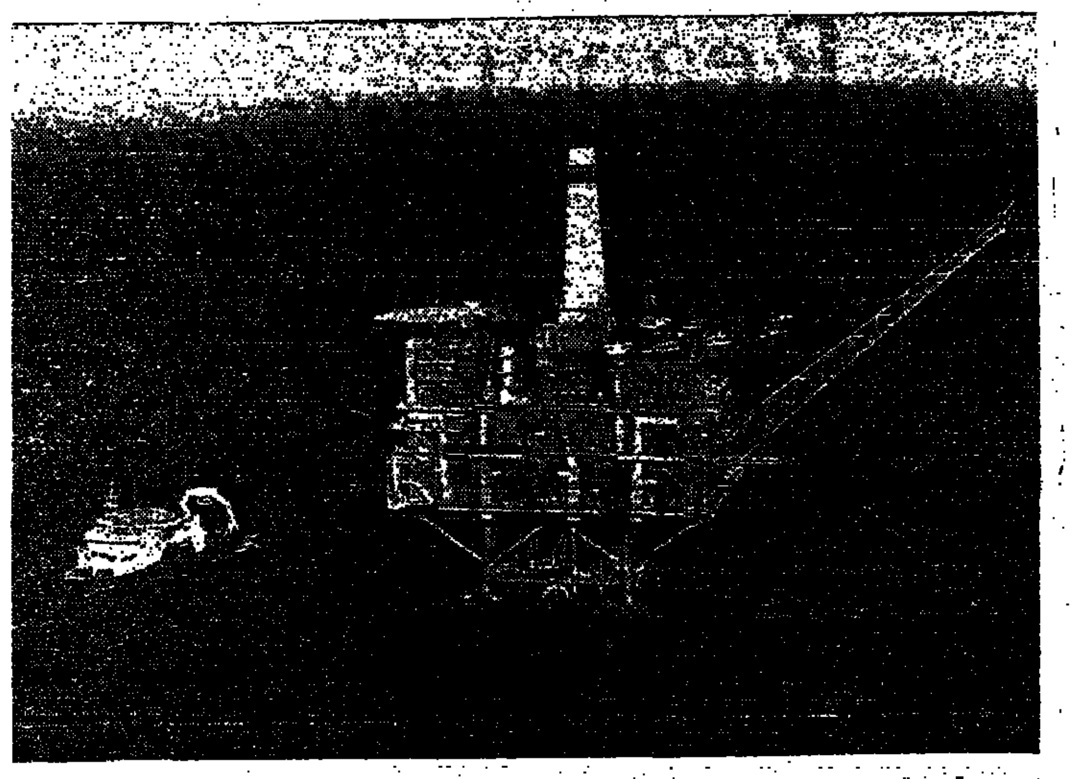
This line then runs another 33 miles to the Frigg gas field pipeline. This section of the 18 in diameter pipeline is jointly owned by Texaco and Occidental. The Tartan-Piper gas line joins the main Frigg pipeline at a manifold compressor platform which is sited midway between the Frigg field itself and the landing point at Peterhead on the Scottish coast.

Gas from the Tartan field will be mingled with gas from the Piper and Frigg fields and then sold to the British Gas Corporation for use in the onshore transmission system.

Meanwhile, Texaco has made another promising North Sea oil discovery on Block 14/20—close to the Tartan field and therefore close to the Piper-Claymore-Tartan-Flotta pipeline system. This is the third discovery Texaco has made on Block 14/20 and it is understood to be the most encouraging. The group has suspended drilling operations on the discovery well "to allow for possible completion as a producing well at a later date."

Texaco has stressed that further exploratory drilling will be necessary before finds on Block 14/20 can be properly evaluated. But experts in the oil industry point out that if the latest find does prove to be substantial, crude from Block 14/20 could be linked in to the existing pipeline network without too much difficulty.

Sue Cameron



The Tartan platform operational, with the diving support vessel standing by

Much of the programme self-financed

THE TARTAN Oil Field in the North Sea is the largest single project ever undertaken by Texaco International. The company is very much a loner in its operations, preferring to be the sole licensee and refusing most entreaties for details about the financing of its activities.

In March 1979 Texaco North Sea, the wholly owned subsidiary of Texaco, announced that it had completed a petroleum production loan agreement providing for borrowings of up to $400m through a consortium of UK and U.S. banks. Funds received from the borrowings would be used to assist in financing the development costs for the Tartan Field, including expenditures incurred up to the time of the loan facility.

The two banks behind the finance package were the Morgan Guaranty Trust Company of New York and Barclays Bank International of the UK, acting as joint managers for the banking consortium.

By mid-1980 only $200m, or half of the total facility had been drawn down by Texaco. The rest of the money needed is to come from group cash flow, based on decisions taken at the group's headquarters in New York.

Mr. Jim Barber, general manager of UK special projects for Texaco, said that the Tartan Field's budget for construction and development would amount to between £250m and £260m. Actual exploration expenses related to the Tartan project came to around £20m: this expenditure was part of some £120m spent by Texaco in exploration in the central and northern areas of the North Sea since December 1973.

Isolated

The Texaco approach has always been more isolated than that of many other oil companies. Tartan is the only North Sea field operated entirely on its own by just one company.

Mr. Barber explained the Texaco approach as a matter of common-sense. "The company felt very bullish about the North Sea and since we were not faced with high up-front payments we decided it would be more attractive to come in and do it on our own," he said.

Since 1973 Texaco has drilled nine wells and two re-drills in the North Sea. Mr. Barber estimated that by 1984 the Tartan Field would be in full development with 24 wells scheduled for production. He said the programme could be accelerated by the drilling of some subsea wells if necessary.

To understand the group's integrated plans, Texaco's activities in the Tartan Field must be viewed in the light of its other financial commitments in the UK. These other activities include large investment in refining facilities at the Pembroke operation in Wales. In addition, Texaco has brought along two of the more unlikely North Sea explorers—Associated British Foods and Unigate—for its proposals in the seventh round of North Sea licence applications.

Texaco has 60 per cent of the consortium, of which it will be the operator, and Associated British Foods will form a new company called AB Exploration with 25 per cent of the group. The remaining 15 per cent is to be held by Unigate.

One of the main reasons why Texaco is upgrading its Pembroke refinery is so that it will be better placed to serve the UK market in petrol. It is already one of the four largest marketers of petrol in the UK and with Tartan coming on-stream it will have an additional source of supply.

Texaco's refinery in Pembrokeshire is operated jointly with Gulf Oil and is the only refinery (together with its sister refinery at Milford Haven) owned by either company in the UK. The refineries were sited in the area because of their proximity to the shores of the Milford Haven estuary and its advantages as a natural deep-water port.

Refinery

Texaco and Gulf plan to spend an additional £350m to £400m on refinery expansion at Pembroke. The main part of the programme, which is to be financed 65-35 per cent between Texaco and Gulf, will be the construction of a new fluid catalytic cracking unit, known as a "cat cracker." This unit converts heavy fuel oil into "lighter" products such as petrol, domestic heating oil and diesel oil. The present quantity of light products which can be made is actually less than the companies can sell in the UK.

Mr. Barber explained that the additional investment in Pembroke would tie in with the production of oil from Tartan. He said that oil would be "transhipped" in bulk from the Tartan Field through the Flotta receiving station in Scotland. "We aim to maximise the worth of the Tartan oil by doing this. When we market it from Pembroke we should be able to meet about 10 per cent of the UK's requirements," he said.

Pembroke's capacity is 120,000 barrels a day, compared with the expected Tartan production of almost 90,000 barrels a day at peak output. According to Mr. Barber, the goal is to establish a "balanced situation" in terms of Texaco's UK production, refining and marketing activities. "The Tartan oil and Pembroke refining will meet Texaco's overall goal which is to refine what you produce and to sell what you refine," he commented.

It is this integrated approach which suggests that Texaco's ability to operate on its own at Tartan is an economically sound proposition. With the Tartan petroleum on-stream, imports may be reduced, thus aiding the UK's balance of payments slightly.

Mr. Barber sums up the Texaco philosophy at Tartan as being one of basic economics and "a whole lot of hard work. "Tartan is the result of very large expenditure and lengthy exploration in the last six years. It's our North Sea platform and the biggest in-house project we have ever undertaken," he said.

In total, Texaco now holds more than a quarter of a million acres on its own and has a share in a further half million acres in UK territories. Its participation in the seventh round is evidence of a continuing financial involvement in UK oil and gas affairs, an involvement helped along by the news last August that additional oil may have been found near to the Tartan Field.

In 1979 the Texaco organisation made a net profit of close to $1.8bn, more than double the previous year. Total group assets of Texaco and its consolidated subsidiary companies came to $22.9bn, up from $20.2bn in 1978.

There seems little doubt that the group has the financial muscle to provide impetus to any UK exploration and production programmes it choose. In addition, U.S. and UK banks are standing by with unused loan facilities.

Finance for the Tartan Field has not been a problem of the highest order for Texaco North Sea. It rarely is when the oil is so clearly in the ground.

Alan Friedman

Now Texaco is rolling out more barrels to boost Britain's oil.

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Thirdly, we're prospecting for even more vital oil to bring home!

At Texaco we know Britain has a great future in the North Sea.

TEXACO

Trust Texaco to think ahead.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Definition of self-employed

A man works as a subcontractor to my company, assembling window fittings. He works in his own premises, at times of his own choosing, at a piece price negotiated between us, using components we send him free issue. He uses a small amount of plant which belongs to us, but is hired to him at a small sum annually. We also hire him a small van in which he delivers the goods, because their destination is near his premises and 130 miles from ours.

The DHSS are querying his claim to be self-employed without stating grounds. What conditions must he fulfil to qualify in their books?

It is a question of fact in each case whether a person is self employed. The facts you cite do tend to show that this man is self-employed; but a full examination of his work pattern may lead to a different conclusion.

Injunction to stop nuisance

My publishing company is tenant of offices on two floors in a city centre street. Recently squash courts opened next door in what was formerly a furniture saleroom. Since the courts opened there is more or less continuous banging during the day (presumably from the balls) and considerable vibration.

The owner of the squash courts has done nothing about my complaints. I have now complained to my landlord telling him that the offices are now unsuitable for what they were leased for. What can be done to stop this nuisance?

You may well have a cause of action for the common law tort of nuisance. That will lie against the occupier of the neighbouring premises i.e. the management of the squash court. It is doubtful whether you have any remedy against your landlord, so you should make your claim against the neighbouring occupier direct. It would be wise to consult a solicitor, and you should act promptly as your main remedy is by injunction which will be refused if there is delay in pursuing such a claim.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

International solidarity on trial

Christian Tyler assesses the impact of trade union pressure on multinationals

A SHOP STEWARD who has spent his working life in a factory near London protested recently that employers no longer played by the rules.

He and his fellow-workers had been told that if they tightened their belts and rolled up their sleeves, their factory would make a profit and continue to provide jobs and prosperity in its catchment area. They did, and the profit duly materialised.

But not long afterwards the company announced that the factory would close. It was explained that the plant was in the wrong place for the market it was trying to serve. The work would be moved to mainland Europe.

Probably for the first time, it was brought home to this worker what the investment strategy of a multinational company means, and how powerless his trade union is to oppose it.

The present recession could provide numberless other examples of the same process of disillusionment: only the best-read shopfloor trade unionist will have any inkling of the amount of time and money—his money—is being spent by union officials in trying to devise a credible counterweight to the undoubted power of the multinational companies. And if he were able to set the cost of his representative's air tickets and hotel bills for Brussels, Geneva, Caracas or Tokyo against the successes of international trade unionism, he might be forgiven for thinking his money was being wasted.

As those companies operating worldwide themselves recognise, the slogan of "international solidarity" is rarely given practical expression, for all the warnings sounded by union leaders on public platforms. The invisible decision-maker in the skyscraper headquarters of the modern multinational corporation, who has certainly replaced the portly coalowner or textile baron of yesteryear as enemy number one in the eyes of organised labour, appears invulnerable to the traditional trade union weapons of collective negotiation and industrial action.

Trade union pressure can take three forms: sympathetic action by individual trade unions which have developed their own links with sister organisations abroad; appeals from international trade secretariats like the International Metalworkers Federation to their affiliates; and lobbying by national trade union federations in the committee rooms of the UN or the European Commission.

" The invisible decision-maker in the modern multinational has become enemy number one in the eyes of organised labour, but appears invulnerable to the trade union weapons of collective negotiation and industrial action "

FORD WAGES AROUND THE WORLD

Hourly wage rates in different parts of the Ford empire (in current U.S. dollars)

Country	Floorsweeper	Assembler	Toolmaker
U.S. and Canada	10.45	10.93	12.65
Belgium (Genk plant)	6.33	6.78	7.56
Australia	5.64	6.00	6.82
UK	4.89	5.34	6.22
Spain	4.32	4.50	5.64
Mexico	3.21–34	4.11–64	5.05–36
Argentina	2.29	2.80–3.56	3.89–4.76
Brazil	0.55	0.91–1.09	1.94

Source: IMF Ford World Auto Council, Nov. 1980

It is examples of the first kind that traditionally attract the limelight because the action is direct and the results verifiable. Indeed, critics of the cumbrous and bureaucratic secretariats would argue that the record of individual unions is far more impressive. Thus, the British National Union of Mineworkers, after sending an incognito delegation to Bolivia and Chile, persuaded the then Labour Government to cancel a loan to the Bolivian mining industry which the tin miners said would do nothing to help them. Again, London dockers imposed an embargo on Californian farm produce in support of the U.S. farm-workers union of Cesar Chavez which was trying to secure recognition.

More recently, the Dunlop unions claimed international support for their unsuccessful attempt to stop the closure of a factory on Merseyside.

Compare

The track record of the international secretariats, which are organised along industry lines—metalworkers, foodworkers, clerical workers, transport workers, miners—is much less easy to pin down. Some of these organisations are long-established. The International Metalworkers' Federation (IMF) was founded in 1904, the International Transport Workers Federation in 1898 and the Miners International in 1890. But their effectiveness is another matter.

The IMF, a rich and free-spending organisation based in Brussels, has pioneered the campaign against the multinational motor manufacturers, by for example, setting up world auto councils which meet from time to time to compare notes about wages and conditions within the auto empire. They also draft common strategies which, the IMF hopes, will lead eventually to formal recognition by the companies.

But the IMF has been accused of confining its interest to "official unions" and, because of its domination by the United Auto Workers of the U.S. and the West German IG Metall, of being reluctant or institutionally incapable of supporting the essentially political campaigning of unofficial Left-wing trade union movements in areas like Latin America.

The IMF's pronouncements are nonetheless militant. Its real occupational weakness is that which besets all organisations which attempt to represent different, and often contradictory interests.

A recent IMF consultative exercise that exemplifies this took place last autumn in Valencia, the republican capital of Spain, and site of Ford Motor's Spanish subsidiary. Union officials from some 16 countries came together to agree that Ford was a "hard" employer, and to draw up a list of demands on wages, conditions and the right to recognition. Their demands served the purpose of "international solidarity," but few if any of the participants can have believed they would make the slightest impact on the top brass in Dearborn, Michigan.

The language barrier ensured that debate was minimal, most of the two days being taken up with long reports from the rostrum of financial statistics and collective bargaining successes and failures. But one incident did ruffle the surface of these bland exchanges, and illustrated the inherent contradictions of "international solidarity."

The British delegation, led by a militant Left-wing shop steward from Ford's Dagenham plant in the UK accused the Japanese unions of undermining the livelihoods of Western car-workers by allowing Toyo Kogyo (which makes Ford's Escort car) to use local bucket-shops and cut-price labour to supply its assembly lines.

After a tea-break briefing from Herman Rebhan, the IMF general secretary, the head of the Japanese delegation got up to deny the charge and to make sympathetic noises, declaring the Japanese unions' support for foreign investment by Japanese companies despite the consequent loss of job opportunities at home.

Occasionally one of the more obscure secretariats becomes engaged in a conflict that attracts world-wide attention. That happened to the food-workers international, the IUF, which was instrumental in forcing a change of ownership at a Coca-Cola bottling plant in Guatemala, run under a franchise agreement by a Texas businessman.

A history of violence and arrests at the plant, Embotelladora Guatemalteca, came to a head last May when the general secretary of the union which was trying to win recognition at the factory was gunned to death at a bus stop on his way home from work. According to union reports, this was followed in June by the murder of one of his colleagues, the murder of one of the company managers and the murder of an executive member of the national trade union centre. Many other prominent trade unionists were arrested.

The IUF had declared Guatemala "black" for foreign tourists, and had called for a boycott of Coca-cola products. Eventually an agreement was reached with Coca-cola that the company would take over the franchise operation itself. According to the IUF, the agreement also included removal of police and "agents provocateurs" from the plant, respect for trade union rights, recognition of the union and negotiation of a new wage deal. The families of the murdered workers were to be compensated through a special fund.

International trade union confederations also play their part in bringing political pressure to bear on employers through international institutions. But the fact that the international trade union movement is still badly split along East-West and Left-Right lines is another weakness that multinationals can exploit. The Western "free democratic" unions are combined in the International Confederation of Free Trade Unions (ICFTU) and the Eastern bloc unions in the Prague-based World Federation of Trade Unions; the scope for co-operation is clearly limited by ideological combat. For the moment, therefore, it is a simple matter for a Western company to build a plant in a low cost Iron Curtain country and export the goods back into the West at highly competitive prices, often threatening the jobs of Western workers. This has been happening in the motor industry.

Cesar Chavez: his efforts to win official recognition for his agricultural workers' union in California were helped by London dockers' embargo on produce from that area

Painful

If progress towards "international solidarity" is painfully slow in terms of action on the ground, the unions appear to be enjoying some unexpected success at the political level.

On October 1 last year, the European Commission adopted a proposed legally-binding directive on the disclosure of information by multinational companies with a presence inside the EEC. The draft directive has been strongly opposed by the European employers' federation and by Conservative members of the European Parliament. The unions—in this case the European TUC—regard it, naturally enough, as a major advance which would give added weight to the purely voluntary codes of conduct for multinationals already drawn up by the OECD and the International Labour Organisation, and those in the process of being drawn up by the United Nations.

The EEC proposal is that companies should provide worker representatives in subsidiaries of at least 100 employees with information every six months. Decisions "substantially affecting" the workers should be communicated 40 days before implementation and consultation must be held "with a view to reaching agreement on the measures planned." Failure to comply would entitle a union to seek redress in the courts.

This draft directive does not, in the unions' opinion, really go far enough towards guaranteeing access to the invisible decision-maker in the skycraper or indeed towards giving organised labour some leverage over multinational corporate strategies. But viewed against the historical background of company-union relationships, it is a radical proposal indeed.

It is beginning to look as though the real pressure on multinationals — the breakthrough which the unions have been seeking all these years—could come not as a result of international shopfloor solidarity but through political lobbying by trade union bureaucrats.

The real problem for the international union movement is to convince the multinationals of its credibility—that the penalty for refusing to succumb to institutional pressure will be worsening industrial relations within their own subsidiary enterprises.

7.55pm Blankety Blank

Radio Times, BBC1, 25th September 1980.

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Source: NRS/Businessman Readership Survey 1980.

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A question for the Gang of Three

BY JOE ROGALY

WE ALL KNOW what Shirley Williams, David Owen and William Rodgers are against, but what are they for? The question is not an immediate one, but they had better be prepared to answer it soon. They will have to have an answer ready if they leave the Labour Party next week, following the constitutional conference that starts on Saturday: if, as Dr. Owen hinted at the week-end, they plan to hang on until just before the Liberal assembly in the early autumn, they will be expected to give some kind of answer during the summer.

Some prospective followers of the proposed Social Democratic party may be untroubled by this question. There are those for whom it would be probably be enough if Shirley Williams were to be the leader. No further thought would be required. There are many for whom it would no doubt be sufficient that *the new party would not be the* Left-dominated Labour Party. What more could anyone want? And for many middle-of-the-road voters a party that looks like doing better than the Liberals, and is neither Thatcherite nor Labour Left, might seem like a dream come *true*.

Disaffection

There is no doubt that such a body of voters exists, even if one ignores the evidence of a weekend opinion poll which suggested that, together with the Liberals, a new centre party would gain the support of the largest share of the electorate. At the 1979 election only 33 per cent of those eligible voted Tory. Labour's share, which has been under 30 per cent at the last three general elections, was down to a low of 27.7 per cent. The disaffection with the main parties is manifest.

None of this is good enough. It is all negative. If it is to be a lasting success, a serious new party must rest on a foundation of positive beliefs.

All this may seem unfair. *After all, no breakaway has yet* taken place. A miracle may occur — they often do in the Labour Party — and the advertised split may be averted. If there is a schism then there will be time to form the new party and put its policies forward. True, but the question remains: what will they be able to offer?

A search through the published statements of Dr. Owen, Mr. Rodgers, Mrs. Williams and even Mr. Roy Jenkins reveals little that is likely to quicken the pulse. They are in favour of continued membership of the EEC. This is a dwindling asset, and it is anyway official Government policy. They are committed to the mixed economy. Apart from the Labour Left, who is not? They believe in representative democracy. Ditto.

Ah, but they, and they alone, are social democrats. Agreed but here lies the greatest difficulty. Social democracy is not exactly in peak popularity at the moment. In its various guises it was practised, to one degree or another, by both Labour and Conservative governments until the mould was broken by Mrs. Thatcher in *1979. It does not carry the* aura of past glory.

The reason is clear. The essence of social democracy is economic growth. You manage demand in such a manner that growth is encouraged, then you rake off the surplus product and redistribute it to the poor. Many of us can remember *how* fashionable this notion seemed to be, just as we can remember the miniskirt and the Swinging Sixties and, with a slight effort, the white heat of the technological revolution.

Better model

The indications so far are that if there is a new social democratic party its leaders will try to persuade us that all of that may have been imperfect, but that a better model is now on its way. They will go for growth, but not quite so *fast.* They will try for an incomes policy, but a more workable one. They will support industry, probably through the National Enterprise Board, but more selectively, and more sensibly. They will increase public spending, but not so rapidly or so recklessly.

This story will improve if the present Conservative Government's fortunes do not. But the putative leaders of the new party should not bank on it. They need better answers, starting with the answer to the single question: just how are you going to get your growth?

The two great wars of my life

THE BUDS on my primroses *are trying to open,* the mahonias have been in flower for weeks, and I have just picked a bunch of those lavender-blue irises which make up for their untidy leaves by an astonishing show of flower so early in the year. They are happy beneath any dry and sunny house wall.

This winter must be marvellous news for gardeners, people keep saying to me when they cannot think of anything else to set the ball rolling. I suppose they think that we all like digging in a mackintosh more than pleading hard frost and giving up until March.

In fact the mild weather does have its uses, especially in the two great wars of my gardening life. The first war is waged against pests, and here a moderate winter is not the nuisance which polite conversation makes it.

As a follow-up to the time of day, I tend to be told that a good frost, of course, would thin out next year's bugs. The mild winters of the 1970s ought to have laid this fallacy to rest. I have never seen any evidence that frosts and long winters cut down gardening pests. The great freeze in 1962-63 was followed by a year in which slugs, greenfly and fruit-aphids were as much a nuisance as always.

Most of the victims in a cold winter are the birds, the pests' worst enemies. At ground level, grubs and other hibernating *horrors simply burrow down, if* the top soil freezes, and sit out the frost in comfort.

Up in the trees, the bark is stronger than the frost's bite. Back in 1973 I remember writing hopefully that a hard winter might shake up the emergent Dutch elm beetles and their disease. Two readers replied promptly from Canada, remarking that they knew more about cold winters than any soft Englishman and that elms were still housing beetles by the million in the frozen corners of their country. Sadly, they were *right. Any pest which lays eggs* under tree-bark is well placed to survive a cold spell. The fate of the elms is proof enough.

GARDENS TODAY

BY ROBIN LANE FOX

For gardeners, however, the mild spell is a chance for a serious offensive. If you strike the right patch over the next fortnight, you can kill off no end of future troubles. Watch for a day which is dry but mild, free from the rain which would wash off a poison-spray and from the frost which would freeze it and spoil its effects.

I suspect that the sprayer's golden moment may turn out to have been in the past. The perfect weekend will have to *turn up very soon,* or else the fruit trees will be sprouting and out of bounds. You must not spray any shrub or tree which is no longer completely dormant.

If late January is kind to us, I assume that you will abide by the old and proven remedy of tar oil, that killer of so many moulds and nasty insects. Nowadays, tar sprays are known to be indiscriminate, killing off some good predators, along with the worst sort of sucker and borer. You are advised not to use it every year, so that you do *not* unbalance your insects and do more harm than good. Once every two or three years is enough.

My other war is the cost of fuel, and here the weather is unreservedly kind. Once again, I am growing a wide range of the lovely cymbidium orchids in a greenhouse, *which* cannot be heated from any main source, nor from any supply of electricity.

But these tough and exotic plants are far hardier than innocent gardeners suppose. I was told recently in Washington by a fine cymbidium-grower that he left his old plants out on *his doorstep for the first slight* frosts in early autumn. The change, he believed, helped to jolt his plants into flower, when they went back into his house at their usual temperature.

I am not brave enough to risk such an experiment, but I will guarantee that clean and freshly grown specimens of this orchid will put up with a few sharp nights at temperatures below the 10 to 13 degrees centigrade which many books suggest. With me, these are the nights when the calor gas runs out or the paraffin packs up in the small hours.

This year, I have hardened my attitude to heating the greenhouse by bottled gas. Friends swear that it is harmless though it no longer suits their pockets.

One contrary opinion will not shake the consensus, and the truth may depend on the type and source of the gas. But my cymbidiums did not take kindly to this sort of heat this autumn, even before its price went up, and I know large-scale growers who maintain that a slight trace of sulphur dioxide may be the cause of their discontent. Instead, I have reverted to paraffin, itself not above criticism, and I am doubly glad of the mild spell.

At higher temperatures, certainly, a heater run on bottled gas will also encourage condensation. This is a nuisance, as it encourages the very types of fungus which a greenhouse's heat ought to exclude. I hasten to add that I know carnation and cineraria collections which survive on bottled gas heating. But personally I am against it.

Instead, the mild weather has given me time to assess and plan against draughts. I am happy with polythene liners, which can be pinned into my greenhouse's wooden frame. The best type is covered with those small bubbles on its surface and can be stretched as a second line of defence inside the glass panes. Owners of aluminium houses will have to devise an ingenious system of hooks and wires to hold them steady.

Nothing, however, is perfect, for these sheets, like gas heaters, also encourage condensation. But they cost nothing, and bring none of the fumes which would tell against them. As a support for my cheap paraffin stove, they are money well spent, though they do not compete with the days of cheap oil and electricity.

As against pests, so against the weather: this winter of rain and moderate nights has been my best ally in weeks which can be so risky.

Genovese for Folkestone win

THE 11-YEAR-OLD horse, Bobbie Gordon, who returned from a successful 500-mile round *trip from Leeds at the end of* last month after landing a modest selling chase at Fontwell, may succeed on a similar sortie this afternoon. The Richard Whitaker trained veteran—a six-lengths winner from Royal Romance, to whom he was conceding 11 lbs. on the Sussex track—appears to have equally poor opponents this time in the two-mile Battle *Selling Chase at Folkestone.*

RACING

BY DOMINIC WIGAN

Although he is probably better suited by a slightly longer trip than the Fontwell event nowadays, Bobbie Gordon looks well up to his task. For forecast purposes, backers will do well to consider the five-year-old Allanstown.

Half an hour after saddling Bobbie Gordon, Whitaker will be hoping that Caravino can add to the Scarcroft stable's tally with a win in the 2½-mile Hurst Green Handicap Chase.

A particularly consistent sort, this powerfully-made son of Tycoon II gained a well deserved success at Kelso on December 15. There Caravino's bold jumping took him clear of the favourite, Durham Lad, at the penultimate fence and from that point he was never troubled.

Provided that Caravino puts in a similar display of error-free jumping here and is able to maintain a telling pace from the outset, he should prove capable *of taking advantage of the 23 lb* he received from top weight Tragus.

The last named is also a recent winner, having overcome Duc de Bolebec and seven others at Market Rasen on January 7.

Despite some far from encouraging recent form figures, backers are probably best advised to take a chance with the experienced horse specialist Genovese in the Robertsbridge Amateur Riders' Handicap Hurdle.

A winner three times already here, Genovese showed signs of coming back to somewhere near his best at Warwick on January 10, where he was running on well when fifth to Reggie Driffield in a Coral Golden Hurdle Qualifier.

FOLKESTONE

1.15—Jamie Scott
1.45—Bobbie Gordon*
2.15—Caravino
2.45—Genovese***
3.15—Aldo
3.45—Rodshot**

TOWCESTER

1.30—Scrumping
2.00—Brown Bowler
3.00—Herr Capitan
3.30—Physicist

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight & Thurs 7.30: Romeo & Juliet. Tomor & Fri 7.30: The Merry Widow. Sat 7.30: Tosca. 104 balcony seats avail from 10 am on day of perf.

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THEATRES

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CINEMAS

CLUBS

ART GALLERIES

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 *Pebble Mill at One.* 1.45 Trumpton. 2.01 For Schools, Colleges. 3.00 Speak for Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Laurel and Hardy in "Train Strain." 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Triangle.
7.20 The Wednesday *Film:* "After the Fox" starring Peter Sellers.
9.00 News.
9.25 Sportsnight.
10.15 Open Secret
10.45 Parkinson.
11.45-11.50 News Headlines.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—10.30-10.50 am. I Ysgolion. 11.02-11.22 Ffenestri. 1.45-2.00 pm Mister Men. 5.05 Grange Hill. 5.35-5.40 Ivor the Engine. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15 Triangle. 7.40 Seconds Out. 8.10-9.00 Star Trek. 11.45 News Headlines: News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spolight South West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
†5.35 Laurel and Hardy in "Tit-for-Tat."
5.55 16UP.
6.20 The Master Game.
6.50 Grapevine.
7.20 Mid-Evening News.
7.30 Travellers in Time.
8.00 The Magic of Dance.
9.00 M*A*S*H.
9.25 Sons and Lovers, by D. H. Lawrence.
10.20 God and the Scientist.
10.45 Newsnight.

BBC SCOTLAND — 1.15-1.45 pm Cearcall le Angela Nic-Eachainn.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Movie *Memories.* 4.15 *Dr. Snuggles.* 4.20 Runaround. 4.45 Brendon Chase. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Starburst.
9.00 Honky Tonk Heroes.
10.00 News.
10.30 Edge of Britain.
11.30 Golf: U.S.A. v The World.
12.25 am Close: "Sit Up and Listen" with Christine Smith.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline. 1.20 pm Anglia News 2.45 Young Ramsay 3.45 Valentine's Day 6.00 About Anglia. 11.30 SWAT 12.25 am The Big Question.

ATV

1.20 pm ATV News 2.45 Young Ramsay. 5.15 In Loving Memory. 5.00 ATV News 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Late Night Country Music.

BORDER

1.20 pm Border News. 2.45 Loveboat. 5.15 *University Challenge.* 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 Young Ramsay. 6.00 Channel Report. 10.28 Channel Late News 11.30 Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News 6.00 North Tonight. 11.30 Reflections. 11.35 Paris by Night. 12.05 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two 5.15 Welcome Back Kotter. 6.00 Granada Reports. 6.25 This Is Your Right. 11.30 Bluey

HTV

12.30 pm Survival. 1.20 HTV News. 2.00 Houseparty. 2.25 "Dangerous Mission," starring Piper Laurie and Vincent Price. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 SS Great Britain—Exactly as it Was. 10.28 HTV News. 11.30 Superstar Profile.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 The Red Shoes. 4.45-5.15 Straeon Y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Certain Women. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toya's Talk Back. 6.30 Weir's Way. 11.30 Late Call. 11.35 Musical Special.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Fantasy Island. 3.20 Survival Special. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only). 11.30 That's Hollywood.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.45 Danger UXB. 5.15 Gambit. 6.00 North East News. 6.02 *Crossroads.* 6.25 Northern Life. 10.30 North East News. 11.30 Laverne and Shirley. 12.00 First Class Citizen.

ULSTER

1.20 pm Lunchtime. 2.45 Young Ramsay 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Young Ramsay. 6.00 Westward Diary. 10.31 Westward Late News. 11.30 Faith for Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Lifeline 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Lena Martell Show.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm Newsbeat 12.45 Paul Burnett 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Radio 1 Mailbag 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S) 12.03 pm David Hamilton (S) 2.03 Ed Stewart's Request Show (S) 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days (S). 9.15 Semprini Serenade with The BBC Radio Orchestra (S). 10.02 Tony's, starring Victor Spinetti 10.30 Barry Took says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This *Week's Composer: Dowland (S).* 9.45 Music for Organ (S). 10.35 Eder Quartet (S). 11.10 Cardiff Festival of Music concert, part 1 (S) 12.00 Interval Reading. 12.05 Concert, part 2. 1.00 News 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Piano Recital (S) 3.25 New Music from Eire (S). 4.00 Wordsworth, The Prelude. 4.25 Mozart and the Violin (S) 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 *Six Continents.* 7.20 *Edinburgh International Festival 1980, part 1 (S)* 8.05 The Eternal Husband by Dostoevsky. 8.25 Edinburgh International Festival 1980, part 2 (S). 9.55 Rudolf Firkusny piano recital (S). 11.00 News. 11.05-11.15 Revel (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Noel Edmonds and Company. 10.00 News. 10.02 Gardener's Question Time. 10.30 Daily Service 10.45 Morning Story *11.00 News 11.05 Baker's Dozen* 12.00 News 12.02 pm You and Yours 12.27 Frank Muir Goes Into . . . (S). 12.55 Weather: Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 *Woman's Hour. 3.00 News.* 3.02 Afternoon Theatre (S). 3.50 Through My Window with Geoffrey Smith. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 These Our Actors (the story of the BBC Drama Repertory Company). 8.45 *Analysis.* 9.30 *Kaleidoscope.* 9.59 Weather. 10.00 The World Tonight. 10.30 Old Took's Almanac (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Nicholas Parsons Telephone Programme (How we treat our children). 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move 7.03 Black Londoners. 8.00 Question Time from The House of Commons. 9.00-5.00 am Join Radio 2.

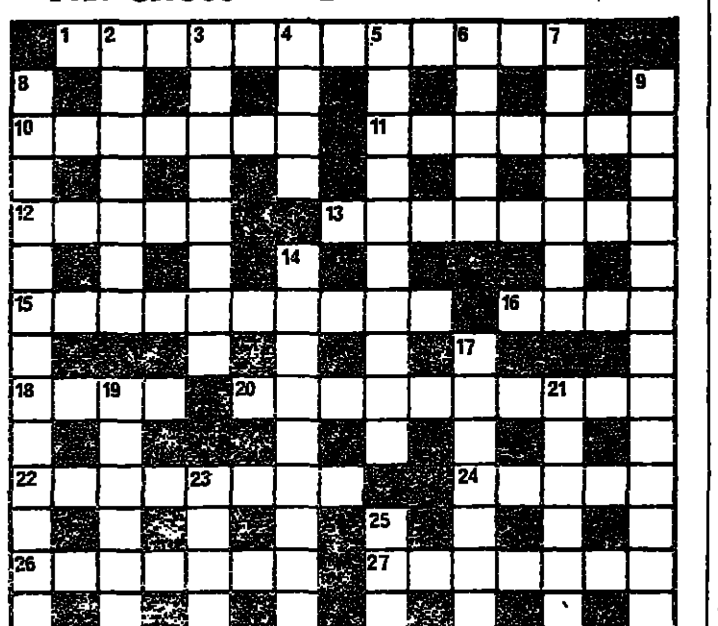
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes: Godfrey Hodson discusses the inauguration *of the U.S. President.* 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 *London Tonight.* 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,474



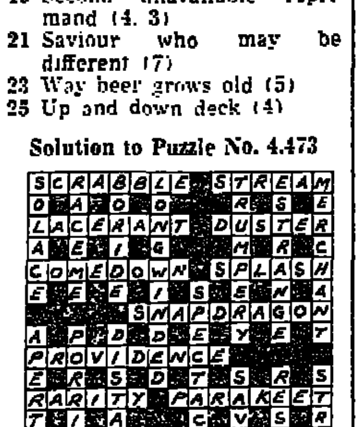
ACROSS

1 Goat given whisky? How sweet (12)
10 Virginia backing officer in charge over fuss with pear (7)
11 Tyre to start with right to have plenty of tread (7)
12 Doctor one newsman dehydrated (5)
13 Space set aside for development (4, 4)
15 Attendant bottling up consumers (4, 6)
16 Point to monstrous stretch of water (4)
18 Carry baby towards rising sun (4)
20 Note house tremble (4-6)
22 Apology for dance (6, 2)
24 West Indian accountant to tease (5)
26 Handsome youth embracing a Shelley poem (7)
27 Beaten as striking finished (7)
28 Gloss over two foreign languages (6, 6)

DOWN

2 More perfect (7)
3 Rent cheaper so demolish . . . (4, 4)
4 . . . foundation and give a cheer (4)
5 Dish mixed-up type after small house (7, 3)
6 Trouble initially—torture to follow (5)
7 Support on which beer plant depends (3, 4)
8 Hector made to give up jurisprudence (3, 4, 3, 3)
9 Hugo's wretches (3, 10)
14 Highland strains relayed to hotel lounge (5, 5)
17 Tot comes up to switch the Spanish drink (8)
19 Second unavailable reprimand (4, 3)
21 Saviour who may be different (7)
23 Way beer grows old (5)
25 Up and down deck (4)

Solution to Puzzle No. 4,473



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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Leonard Burt

Philip Davis and Trudie Styler

Warehouse

Naked Robots

The RSC blithely continues its Warehouse policy of presenting malformed plays by promising playwrights in indulgent productions with this latest from Jonathan Gems. The idea is to show how conventional emotional problems break through the fabric of even the most *outré* lifestyles. Desna is a blonde punk singer who, unlike Toyah Wilcox, does not want to be famous. Her boyfriend, in a messy squat that ends up decorated to resemble the Planetarium is Nudy, a sexy fashion designer who decks out his mates in futuristic pantaloons and bulging grey jackets to prepare them for the video age.

The play is over-long and underweight, heavily reliant on the odd funny line to keep the ship afloat. The punk singer owns up to a strong sense of purpose but doesn't know what she is going to do. Her friend Ray, a drugs dealer who goes progressively straight through jobs as a security guard and a badge-seller in Oxford Street, declares "I'm not saying I believe in capitalism, but it *does* work."

What Gems does capture is that appalling listlessness characteristic of middle-class punks sniffing cocaine, jumping into bed with each other and yearning, despite the chic façade, for babies, stable relationships and security. But the piece is not so much structured as thrown together and director John Caird has only the occasional opportunity of eliciting any comic rhythm from his admirable cast. In the first act, troilism on a high mattress in a black-out results in a limp fiasco and much rolling around under toppled bed clothes; Poppy, the ageing manager with half an ovary and a disastrous home scene, is pumped back to life after an overdose and comes round while propped up on a walk-round between Desna and her braying, promiscuous sidekick Gemma (Catherine Hall). Lynda Marchal performs this scene beautifully, like a stoned Beryl Reid asserting comic superiority.

The designs by Ultz and the music by Nick Bicât catch the right mood of communal alienation and the main couple, who split after an almighty row about having a baby, are played very well by Trudie Styler and Raad Rawi. Philip Davis is fine as the rat-faced Ray, although the part is something of a come-down after his recent updated Jimmy Porter turn at the Royal Court in *Not Quite Jerusalem*, a play less superficially trendy than *Naked Robots* but with a lot more to say about the grim realities facing a disaffected young generation.

MICHAEL COVENEY

Covent Garden

Ballo in maschera

Even with most of the cast originally announced finally assembled on Monday, the troubles of the Covent Garden *Ballo* revival were not ended. Pavarotti was there as King Gustavo, the baritone Matteo Manuguerra replaced Bruson as Anckarström, Paul Hudson sang Count Horn instead of Forbes Robinson. But Montserrat Caballé, giving her first Amelia in this theatre, was out of sorts and had to leave the stage at the end of the duet with Gustavo, entailing an unscheduled interval. Since the final curtain fell late, this account will be brief.

In one way, and one way only, this was a musically remarkable performance. The conductor, Bernard Haitink, had brought the orchestral playing to a high pitch of excellence. Taut rhythms, quick tempi (sometimes a little too quick for singers not so well prepared), a splendid snap on the light-footed passages in which this score abounds, clear colour, excellent solo playing, one or two climaxes—the drawing of lots for the killing of the king and the final ensemble, for instance—of great power. Scene after scene was carried by conductor and orchestra and chorus. Between them they would, one felt, have carried stronger solo singing than we were granted.

Of Caballé it would be impertinent to say much more than that she recovered to sing a most expressive end to "Morrò, ma prima in grazia," and that there had previously been one moment of excitement in the duet and signs that all was not well with the middle and lower voice. Pavarotti was in less than his most brilliant form, often bright and flexible but also on occasion dull and disengaged.

Manuguerra is an acquisition though he, too, sounded under the weather. He is a musicianly, intelligent baritone and though he moves with extreme formality he contrives to look like a real person. Otherwise, except for good conspirators from Roderick Earle and Paul Hudson, the only principal to emerge unscathed was Yvonne Kenny as the page Oscar. Her voice is too veiled to be quite right for the part, but she gave a charming performance. Patricia Payne was effective in a conventional way as Ulrica, Sibyl of the shipyards.

The evening as a whole raised doubts concerning the continuing viability of the international opera-circus, so expensive, so heavily subsidised, so unreliable. There are occasions when difficulties and late replacements fire all concerned to a fine performance. This did not happen on Monday, in spite of the admirable framework provided by the conductor.

RONALD CRICHTON

Television

Ireland—treating the troubles

by CHRIS DUNKLEY

I have argued many times in this column during the last eight years that television's handling of "the troubles" in Ireland has been inept—by limiting coverage to little more than a catalogue of sectarian atrocities, broadcasters have ensured that viewers groan and switch off at the very mention of the subject. Then, when castigated, the broadcasters declare that there is no point in better coverage because "Ireland is a switch-off subject."

Now, with two entire series being given over to exhaustive histories of Ireland, television people keep asking me questions of the "Well, are you happy now?" variety, which leaves me very uneasy. First it indicates a misunderstanding of what I (and others) wanted; second it implies that we need humouring; and third it carries the implicit suggestion that with these two series television will have done its duty after which it can get back to normal.

What has been needed regarding Northern Ireland is something unique and no doubt uniquely difficult to achieve in the entire world history of broadcasting: a means of reporting a civil war occurring in a limited region inside the transmission area of national broadcasting organisations. Claims that in television terms Northern Ireland is Britain's Vietnam are absurd: the Vietnamese were not Americans, and Vietnam is not in the U.S. with a population taking its programmes from the American networks.

Of course it is dreadfully difficult for the BBC and ITV to cover affairs in Northern Ireland in a way that explains matters adequately for viewers in London without contributing to the causes of violence among viewers in Londonderry, but much greater efforts could have been made. There have been notable moments of enlightenment: *Children In Crossfire*, a David Frost programme long ago, the more recent *Creggan*, but they were all isolated single programmes.

The hit and run tactics of television news and current affairs are unhelpful and confusing enough when handling remote or insignificant matters. But it is almost incredible that those who run this medium which is supposed to be so very significant to modern society in information terms should be content to go on using the same ad hoc, piecemeal methods even to deal with this, one of the largest—perhaps the largest—domestic problem facing Britain. None of our television organisations has even attempted to provide thorough and regular coverage of affairs in Northern Ireland, putting topical events into a comprehensible context. Film the bombs and flit has been the rule.

That said, what about the two histories? Their sudden simultaneous appearance after 13 years is not entirely coincidental, though the wonderful conspiracy theorist who wrote to The Guardian suggesting that after television's years of neglect it was all a dark plot to "soften up" the British public for a Thatcher sell-out in Dublin clearly has no conception of how long such series take to prepare. ITV's version, *The Troubles*, produced by Richard Broad and Ian Stuttard had its genesis inside Thames Television when Jeremy Isaacs was still controller. After he left and before he was appointed controller of the coming 4th channel Isaacs freelanced as series producer of Robert Kee's BBC version *Ireland: A Television History*.

Even without that connection they would probably have arrived on our screens at about the same time (you know television's motto: All at once or none at all). Cynicism aside however, their simultaneous appearance does offer an extraordinary opportunity not only to learn about Irish history, but to compare and contrast television documentary techniques.

They share some characteristics, the most valuable and yet most under-rated by conventional print historians (sour grapes, no doubt) being the power of the live eye witness. I shall not forget in a hurry the sight of the late Joe Sweeney describing how he put a bullet into the driver's eye-slit of the extraordinary armoured car which appeared during the Easter Rising, even though I have already forgotten which series carried that particular description. Both series used Sweeney.

In the front line of "The Troubles"

I do know that it was in Kee's eighth programme last night that another survivor of Easter 1916 told how one of his comrades paid all their tram fares to go and take part in the Rising. And the old Irish nationalist in Part 2 of *The Troubles* who said "I remember one enormous anti-conscription meeting where the priest said the right place for a bullet from an Irish rifle was in an English heart" is memorable not just for his sentiments but for the chillingly insouciant grin with which he delivered them. You don't get grins like that in history books.

Pictures of luridly melodramatic sunsets across the western Irish Coast are also common to both series. In early episodes at least, as are shots of ancient castles and certain woodcuts. Both use music in a way which seems to me questionable in documentaries since it can make comments which the scripts are shy of pronouncing. Broad and Stuttard do at least scheme the use of music very deliberately, repeating certain themes in precisely the manner used earlier by Broad in his excellent *Palestine* series. For *The Troubles* there is a "pomp and circumstance" tune, a war-pathos tune used in common for all sects, and so on.

Both series make very clear their producers' beliefs that the drawing out of the executions by the British authorities after the Easter Rising was politically stupid, and both are very weak on the Irish civil war which followed partition. But there, so far, the similarities end. The differences are far more interesting.

The BBC/Kee series is not only much the longer at 13 one-hours but much the more conventional. It solves one of the eternal problems facing all makers of history documentaries (the entire absence of archive film prior to 1875, and acute scarcity up to about 1914) by working outwards from the ideas of just one man. By combining the roles of script-writer and front-man Kee makes it fairly easy to convey any fact or idea even if there is no film, painting, woodcut, steel engraving, map, sketch or poster for illustration: he can "walk through" some relevant location and simply talk to camera.

Too much of this can, of course become tedious and tempt the viewer into cataloguing the front-man's wardrobe — fascinatingly extensive in Kee's case (at least 17 items in one early programme including grey check jacket, blue blazer, navy coat, fawn trench coat, and the rare sartorial solecism of a light blue suit with black shoes). But producers Jenny Barraclough and Jenny Cropper have obviously been aware of the hazard and have resorted to all the other tested techniques to vary the programme texture, from dramatised reconstruction as with the jailing of Parnell and the 1641 depositions, to sequences in which a voice-over script accompanies virtually random footage shot as general background, known to broadcasters as "wallpaper."

This habit can lead to seemingly bizarre juxtapositions, as in programme five where Kee's description of the Fenians in 1860 — "It was agrarian matters with a tinge of nationality that inspired them . . ." — was accompanied by shots of a pubful of 1980 Irishmen downing pints of Guinness.

Yet perhaps this is hypercritical: such technical distractions have been the exception, not the rule. The programmes have succeeded in conveying an extraordinary amount of fine detail for films dealing with such early history, and Kee has once again proved his outstanding abilities as a television lecturer in the traditions of Lord Clark, Jacob Bronowski and Alistair Cook. Of course, if you share the current obsession with notions of equality and consequently find the very idea of one man "lecturing" to others a demeaning one, then you will dislike Kee's series.

If, on the other hand, you admire both his command of the subject and his ability to deliver to camera without ever waving his arms or developing weird speech mannerisms, and if in his almost wholly successful efforts to be dispassionate and detached you detect a journalistic integrity which is much more important than any man's inevitable failure to achieve total "objectivity"—then, like me, you will conclude that this is one of the most impressive documentary history series ever made.

Which is not to say that Kee's version is the "true" one and that *The Troubles* has it all wrong. On the contrary, it is an astounding indication of the strength of British television that *The Troubles* is as impressive as *Ireland* even though it is so very different. "Truth" is, here, a red herring.

Kee talks about the prosperity brought to late 19th century Belfast by the British industrial revolution. *The Troubles* declares that roughly speaking Ireland was as valuable to England in the 18th century as North Sea oil and gas are today. Though they speak volumes about the different points from which the programme makers approach their subjects it is quite possible to accept simultaneously the implications behind both observations.

The title of Broad and Stuttard's five part series accurately suggests its difference from Kee's: though *The Troubles* also traces Irish history from pre-Cromwellian days it does so quickly in order to get to its real subject which is Northern Ireland and the modern troubles. One of its major strengths, nevertheless, is its repeated use of history to provide reference points for the present — and present circumstances — in reference to the past. As the opening of episode 1 declared over pictures of the Ballymurphy Estate: "History in these streets is one long remembered yesterday."

That phrase complements Kee's declaration that Irish history demonstrates "The victory of the power of myth over reality" in the same way that the two series complement one another: supplying counterpoint and back-lighting as well as frequent confirmation.

Broad and Stuttard's programmes eschew a single seemingly omniscient presenter, yet obviously a narrator is still required. The irony is that being disembodied the narrator's voice can all too easily become The Voice Of God in a way that is most unlikely when his ordinary human form can be seen. Here god is a woman. Rosalie Crutchley, whose enunciation (even when required to pronounce "strata" and "media" as singular nouns) is immaculate yet so coldly remote that the effect is sometimes of being addressed from off-screen by a beautiful corpse.

But the great strength of *The Troubles* is that in addition to the narrator the series uses, in the style set once again by Broad's *Palestine*, two sets of "witnesses": members of the public who speak, unidentified and against uniform black backgrounds, like a Greek chorus; and "experts" seen against shared backgrounds (bookish or domestic for instance) but offering partisan and starkly contrasting views, as it might be an Irish Catholic historian, an Ulster Protestant historian, and an English political historian.

Given that "objectivity" is an unobtainable ideal as long as programme making involves human beings, this is as good a means of making television history programmes as any I have seen, though it is, of course, still subject to the choices and prejudices of producers and open to manipulation like any other method. It does have the advantage that the perpetual counterpointing of attitudes reminds the viewer that truth has many faces.

And what truths if any have these two series, now well beyond their mid-points, told us about television coverage of the troublees to date? By allowing us to hear about gun running from dear little aged silver-haired ladies, and the details of armed insurrection from respectable old buffers in smart blazers and chintzy sitting rooms they have emphasised vividly what Messrs Begin and Mugabe have already taught us: that yesterday's murderous terrorist leader is today's revered old freedom fighter.

More important still, perhaps, both histories have shown that whatever you may think of Irish republicanism and Ulster loyalism both have had proponents who used intellectual persuasion—political, philosophical, journalistic, oratorical—as well as those who used the gun and the bomb. In its coverage of the modern troubles television has narrowed its focus to concentrate on the all too film-able outrages of the gunners and bombers.

A broadcasting system which really believed in free speech would not have to wait for "history" before allowing in the intellectual arguments.

Festival Hall

BBC Symphony Orchestra

As its contribution to the present concert season of the European Broadcasting Union the BBC on Monday presented two early choral works by Beethoven. The BBC Singers and Symphony Orchestra were conducted by James Loughran.

The *Choral Fantasy* is relatively well known, if not too often performed. But the *Cantata on the death of Emperor Joseph II* is much earlier, and less familiar. Beethoven wrote it in 1790, setting some deathless verse by Averdonk; Joseph II was brother of Beethoven's employer in Bonn and also of Maire Antoinette, but the tribute was never performed. Where the *Choral Fantasy* presages the finale of the ninth symphony, the heir to the *Cantata* is *Fidelio:* the very sombre C minor opening looks towards the opera's Dungeon Scene; the eloquent oboe solo that introduces the soprano's first aria was transplanted to accompany Leonora's freeing of her husband.

Yet the *Cantata* almost transcends this role as source book for a later masterpiece. It is certainly no masterpiece in its own right — Beethoven never uses a single phrase when its passionate repetition would wring out more pathos, and the tragic mood is laid on very thickly. But as sung here by Felicity Lott, the pair of arias for the solo soprano contain some beautiful music that would be even more effective were the da capos omitted. Stafford Dean could have imposed himself more on the single authentically operatic recitative and aria for the bass, but all the performers made out a robust case for the work's more than casual disinterment.

The *Choral Fantasy* always seems a waste of a good pianist on achingly sequential material. Here the soloist was Edith Vogel, doing her best to turn the base metal into gilded paragraphs, and given much help by some neatly turned woodwind solos.

ANDREW CLEMENTS

Wigmore Hall

Guadagnini/Bradley

As well as the Park Lane Group and the Greater London Arts Association, the Incorporated Society of Musicians also presents a series every year whose platform is dedicated to young artists (although, unlike the PLG and GLAA promotions, which are open to all, the ISM's Young Artists Recitals are open only to society members). On Monday evening, the third and last programme of the series was shared by a string quartet and a pianist.

The Guadagnini Quartet made a strong impression two years ago at a GLAA recital; and now, only four years after their founding, they make a stronger impression still. Their account of Bartok's second quartet was vivid, carefully made, and keenly lyrical. The sound is lean and firm-sprung—but sprung, too, with poise and elegance. A very few of the shifting tempo relationships of the first movement seemed insecure: but that passing weakness was effectively counterbalanced by the ensemble's fine sense of forward momentum and line. I specially liked the brassy burr of their timbre in the capriccioso second movement, and the concentration of their counterpoint, each voice equally but flexibly weighted, in the last. The Guadagnini are clearly a most promising addition to an already well-stocked and talented British milieu, and an ensemble to watch.

The pianist Peter Bradley (b. 1957) showed an impressive finger facility in three works by Chopin, Falla and Brahms. But in Chopin's G minor Ballade he sacrified the continuity of every sustained line, and at times all kind of coherent forward movement, for the sake of shaping every bar with an expressive lingering, or a broken, hesitant emphasis. He has not yet discovered the fundamental difference between rubato and lurching—which in interpretative terms means the difference between clarification and obfuscation.

His accounts of Falla's *Andaluza* and Brahms's second book of Paganini Variations were plagued by the same inability to follow a musical line or phrase whole beyond two or three measures. And in the Brahms he succumbed to the easy, but fatal, temptation to play variations 5, 11 and 14 too fast: at once faster than he could really manage, and faster than sense allows.

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S. G. WARBURG & CO. LTD., as Depositary hereby gives notice that the Ordinary General Meeting of Stockholders of the Company will be held in Tokyo, Japan, on 30th January, 1981.

The following proposals are included in the Notice of the Meeting:—

1. To approve the Report and Accounts for the 112th business term (1st November, 1979, to 31st October, 1980).
2. Partial change of the Company's Articles:
(a) Change of the Authorised Capital
(b) Adoption of the system in which the shareholders registered as of a record date to be fixed by the Company can exercise their right.
3. Revision of the remuneration for directors and auditors.

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S. G. WARBURG & CO. LTD., as Depositary.
30 Gresham Street, London EC2P 2EB.
21st January, 1981.

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By order of the Board,
R. J. MOORES,
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By: CITIBANK, N.A.
Agent Bank.

January 21, 1981.

BAIRD TEXTILE HOLDINGS LTD. announce that their two fabric supply companies are to merge by Wilfred Verber Ltd. acquiring the assets of Bairdtex Ltd. Mr. Gordon Dobson, present managing director of Bairdtex is joining the Verber board. The companies will trade under the name of Verber Bairdtex. The board is confident that the company will provide an even more comprehensive design service, together with worldwide fabric sourcing which is backed by its own UK manufacturing.

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Wednesday January 21 1981

An American dream

PRESIDENT CARTER came to the White House four years ago much as his successor did yesterday: imbued with the idea that simple issues, simply stated, would help the American people to find their way in a perplexing and ever more complicated world. Both men ran, in a manner of speaking, not so much for the office of President, as against the government establishment. The enemies were inflation, bureaucracy, an outside world that dared to cross the American will, not to mention allies who demanded both American protection and the right to go their own ways when it suited them.

The gruelling work of the presidency quickly taught Mr. Carter that the world is not so simple. A President not enmeshed in the network of government turned out to be impossible. The result for Mr. Carter, right up to his electoral defeat at the hands of Mr. Ronald Reagan, was that the dreams and visions he conveyed so easily four years ago became lost in a mass of technicalities. Instead, Mr. Reagan's generalities acquired the ring of certainty that Mr. Carter lacked.

Europe

Much will depend on whether Mr. Reagan is willing and able to learn a lesson that Mr. Carter had to learn: that in a U.S. immensely more complicated than it was when he was brought up, and in a world where the two superpowers are roughly balanced and third parties such as Europe and OPEC play their part, you have to compromise, to choose your tactics. Statesmanship consists of doing so without sacrificing principle.

It is to his principles that Mr. Carter reverted in his valedictory television address: to reduce the danger posed by the world's stock of nuclear arms; to preserve the physical resources of the world; and to protect human rights. It remains to be seen how his successor deals with these very basic challenges. His campaign oratory was not re-assuring, though there are signs that the bark may have been worse than the bite will be. For instance, Mr. Reagan did support President Carter's bid to persuade the South Korean regime to spare the life of Mr. Kim Dae Jung, the opposition leader under sentence of death.

In his farewell State of the Union Message last week Mr. Carter listed some of his achievements, and they are far from negligible. An unwilling Congress was brought to enact an energy policy, including the decontrol of the price of home-produced oil by next September (a step that Mr. Reagan may take sooner). More federal money has been made available for education and the decaying cities; more women and members of minorities have been given jobs of importance.

It is in his handling of foreign affairs that Mr. Carter's record looks much less convincing. His diplomats were held to ransom in Tehran and the terms negotiated for their release were less than a triumph.

Even the monumental achievement of peace between Egypt and Israel has not led to further progress. The problem of the Palestinians is as intractable as ever, and no other Arab State has shown any willingness to follow President Sadat's lead. The prospect of a change of government in Israel this summer may, however, allow the Middle East question to be re-opened under Mr. Reagan.

Like the Middle East settlement, the attempt to slow down the nuclear arms race of the superpowers remains in limbo. Mr. Reagan must tackle this question. The approach he chooses remains to be seen, and the readiness of Moscow to co-operate is very much in doubt.

Difficulty

Relations with Europe were desultory at best under Mr. Carter. His inability to harness his National Security Advisor and his Secretaries of State to one agreed policy made him look like a dangerous vacillator to the Europeans. But the underlying difficulty is more serious. How do you persuade even sophisticated Americans, racked as they are by inflation and recession, that the rich Europeans need not do more for their own defence and that of the West? Europeans may yet find that where the Carter Administration chastised them with whips, Mr. Reagan will chastise them with scorpions.

In the final analysis both the old President and the new, each in his own way was moved by the wish to restore the self-confidence of an America shaken by Vietnam, Watergate, and unwanted economic failures. The vision is worthwhile. But visionaries who fail go down into history as naive if they are lucky; otherwise as martyrs, or as mischief makers and worse. It is those who succeed who earn the gratitude of nations.

Competition in steel

THE PRESENT British Government, like its counterparts in France, Belgium and Italy, has so far taken the view that the future of the steel industry is too important to be determined solely by market forces. British Steel Corporation, the State-owned enterprise which dominates the domestic market, has been kept going with public funds, with the result that plants which would otherwise have closed down—because they cannot operate at a profit—have remained in existence. In the next few weeks the Government has to decide whether to inject a further large sum into British Steel in line with the recommendations put forward by the chairman, Mr. Ian MacGregor.

Distortion

Apart from the heavy drain on taxpayers' funds, support for BSC has distorted competition within the UK. Certain private-sector steelmakers, mainly in products such as rod and bar, are having to compete against a large rival producer which is not subject to the same market and financial pressures. One way of correcting the distortion, of course, would be to withdraw support from BSC. Instead, the Government is believed to be considering the provision of funds to private-sector steelmakers, to enable them to rationalise their capacity with that of the BSC, through the formation of jointly owned companies.

Whether this further intervention in the affairs of the steel industry is either necessary or desirable is open to question. The Government has to ask itself what is the most efficient and least costly method of arriving at a situation in which a viable steel industry, covering both public and private sectors, can stand on its own feet. Such an industry, smaller than the present one, will include some large integrated works and a number of smaller, non-integrated plants, including the so-called mini-mills, which rely on scrap as their principal raw material.

The balance between the two sorts of steel-making plant will depend on market and technical factors which cannot be predicted with any precision: some observers believe that the mini-mills, despite their dependence on a raw material which is volatile in price, will steadily encroach on the market served by the big integrated works. One advantage is their ability to react to market changes quickly and flexibly—hence the attraction of breaking up BSC into more manageable units.

How much of the BSC's present capacity survives ought to depend on its ability to supply the market competitively. The danger with the Government's involvement in the Corporation's affairs—and even more so if the involvement spills over into the priate sector—is that it will prevent the forces of competition from operating and thus slow down the process of adjustment. Any rationalisation moves affecting the private sector could have the indirect effect of extending the BSC's influence over the industry and making trading conditions even more difficult for those independent companies which decide to stay out of these arrangements.

Orderly

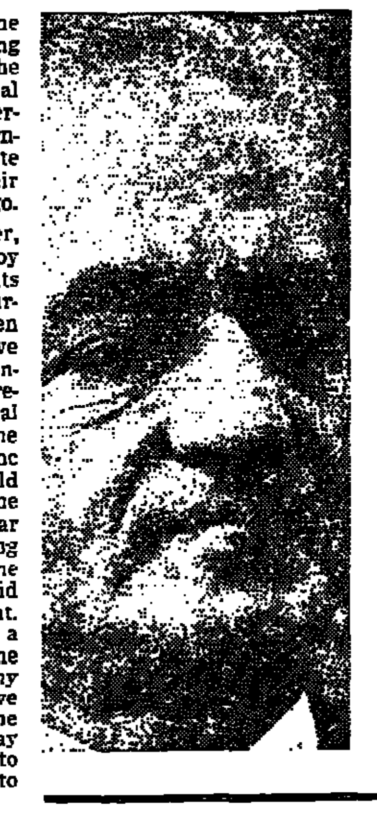
As with the Davignon Plan for the European steel industry, the Government may seek to justify its intervention on the grounds that an orderly contraction of capacity will be less socially disruptive, and perhaps permit a larger amount of viable capacity to survive, than if market forces were allowed free rein. But past experience suggests that the more deeply the Government becomes embroiled in an industry, the harder it is for it to get out.

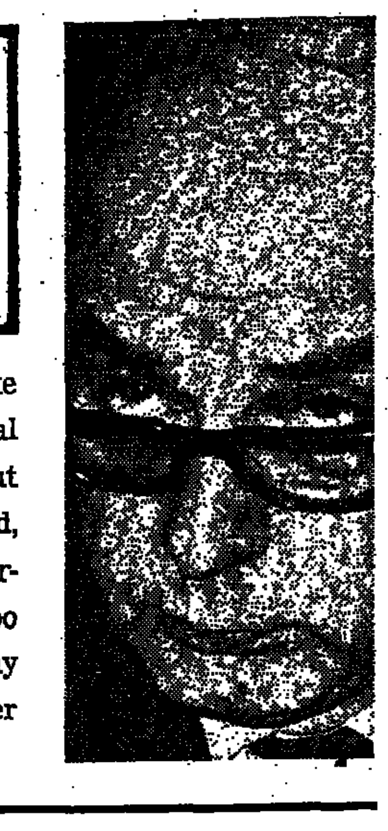
No doubt it is difficult for the Government, having hired Mr. MacGregor at considerable cost to put the British Steel Corporation on a sound footing, suddenly to announce that no further financial support is forthcoming. But in responding to Mr. MacGregor's proposals the Government must ensure that any new financial support is limited in scope and time. The existence of the State-owned colossus is itself a distortion in the market which needs to be removed as soon as practicable: Ministers should be extremely wary about compounding the distortion through further intervention.

THE IRANIAN ASSETS

OPEC's dollar dilemma

By David Marsh





The U.S decision to freeze assets held by the late Shah (left) may worry large institutional investors. But the dollar seems to have come out of the Iran hostage deal relatively unscathed, while the U.S. Federal Reserve Bank, whose chairman is Mr. Paul Volcker (right), does not seem too concerned about the possibility that Iran may convert its unfrozen dollar holdings into other currencies.

ONE of the ironies of the hostages affair, according to the jest going the rounds of the international central bankers' circuit yesterday, is that the U.S. Government saved the Iranians quite a lot of money by freezing their dollar holdings 14 months ago.

The action of November, 1979 was triggered off by Tehran's threat to convert its dollar reserves into other currencies. But had the threat been carried out, Iran might have lost $1bn as a result of the unaccustomed, and largely unforecast, weakness of traditional refuge currencies like the Deutsche Mark and Swiss franc during the past year. It would also have forgone the handsome rates of interest on dollar deposits that have been piling up on its accounts during the crisis, and will now be paid over as part of the settlement.

The fact that the dollar is a great deal stronger than at the end of 1979 helps explain why the foreign exchanges have reacted with equanimity to the possibility that Tehran may carry out its intention to diversify its freed dollars into other currencies.

But while the dollar looks to have come out of the affair relatively unscathed—it has been barely changed this week on an overall basis—the American blocking action has placed a permanent question-mark over the security of funds placed in U.S. bank accounts.

The most lasting effect of the saga may be, then, not to encourage fresh diversification out of the dollar—although considerable flows of oil money into other currencies, notably the yen, have certainly taken place over the past 12 months.

More importantly, the U.S. freeze has promoted the already fast-growing tendency for big international depositors within OPEC and elsewhere to spread their investments—in dollars and other currencies—as far as possible outside the U.S.

This may lead to a relative weakening of the financial power of U.S. banks and institutions, compared with those in Europe and Japan.

The prospect that footloose international funds may gravitate towards a larger number of banks and financial centres may also further complicate central banks' efforts to improve control of the Euromarket.

The trend towards geographical asset diversification has acquired momentum from the clear differences in attitudes between the U.S. and its allies that have emerged since the initial asset freeze.

Other governments and central banks in the West—including the Bank of England, which played such a vital role in the final deal—made it clear that, however much they sympathised with American feelings, the U.S. would get no help in carrying out the freeze.

The implication was evidently that funds were safer in Britain, France, West Germany or Switzerland than in the U.S.

The oil states' bank deposits in the U.S. itself actually fell slightly during the first nine months of last year. However, as an indication that OPEC has by no means turned its back on the U.S., the oil states increased their holdings of U.S. Treasury investments by nearly $8bn. And large amounts of dollars seem to have been placed in Eurocurrency accounts in London and in other Euromarket centres.

The share of the dollar in overall fresh OPEC bank deposits seems to have fallen by the middle of last year to about 60 per cent, partly reflecting the increased desire of West Germany and Japan to attract funds denominated in their own currencies to help finance their current account deficits.

Dr. Hans Mast, chief economist at Credit Suisse in Zurich, believes that Iran may want to convert part of its unfrozen dollar holdings into currencies like the Swiss franc and sterling simply to replenish non-dollar accounts that have been run down during the 14 months.

The assumption on the foreign exchanges that oil-backed sterling may benefit from such transactions has been the main reason behind the pound's fresh rise this week.

But with the dollar looking so strong and U.S. interest rates so high, Iran would be "foolish" to contemplate any large-scale currency conversions, according to Mr. Geoffrey Bell, a director of the Schroder Wagg banking group.

"High interest rates might be an abomination to an Islamic state," commented one central banker yesterday. "But with dollars yielding 20 per cent, the Iranians will not want to change too much into D-Marks and yen."

Even if they did, the foreign exchanges no longer believe that the conversion of maybe no more than $2bn—which could be all the Iranians will have left after they pay off existing loans—would have much effect on the dollar rate, so long as the transfer is not made all at once.

Another indication of the central banks' studied lack of concern was the comment this week from a senior Bundesbank official that the problem of possible Iranian conversions had not even been discussed with the Fed.

Mr. Bell feels that Iran will probably move its unblocked funds to non-U.S. banks—but as the dollars will filter back into the U.S. banking system, the transaction will have no effect either on the balance sheets of the U.S. banks losing Iranian deposits or on the system as a whole.

In the longer term, Dr. Mast says the Iranian affair is likely to increase the importance of British, French, West German and Swiss banks as intermediaries in the placement of OPEC funds.

One reason why so much oil money has flowed into Tokyo, he feels, is because Japan—with its almost total dependence on imported energy—would be particularly reluctant ever to interfere with OPEC assets.

Dr. Mast also feels that the U.S. action has been one of the factors behind increased Middle East interest in gold—which, provided it is held in a central bank's own vaults, cannot be blocked by anyone else.

There is sporadic speculation on the bullion market that Iran, which has been a significant gold purchaser over the past year or so, might want to turn some of its freed dollar reserves into the yellow metal. One senior member of the London bullion market, however—pointing to the war with Iraq—disagrees: "They are more interested in arms."

Searching for a more secure haven

By Peter Montagnon, Euromarkets Correspondent

IN ONE important respect at least, Monday's settlement between the U.S. and Iran has broken new ground.

For it involves an unprecedented decision on the part of the Americans to freeze assets held in the United States by the family of the late Shah of Iran.

It may be that most of these assets are no longer in the country. And when the dust has settled, the whole basis of this far-reaching Presidential decision may, in any case, be challenged in the courts.

The action cannot but increase the mistrust of those large individual investors who fear they could be next. And bankers suggest that it may lead to a further sharp increase in fiduciary accounts held in Switzerland.

These accounts — traditional bolt holts for "money on the run"—have been growing dramatically for the past two years. In 1979 they rose 43 per cent to SwFr 79 bn ($43.27bn) while in the first three quarters of last year a further increase to SwFr 112.8bn was registered.

Fiduciary accounts represent funds placed at an individual's own risk with a Swiss bank which then onlends them in the Euromarkets. They are thus anonymous and secure from outside intervention.

For OPEC countries themselves the main problem in the past year has been finding a home for their increasing wealth. Many banks, especially large U.S. banks no longer solicit OPEC money for fear of bloating their balance sheets.

This would have led OPEC countries in any case to try to diversify their deposits to new banks, a development which has almost certainly been accelerated by the assets freeze.

Some bankers believe that mistrust of placing money in the U.S. may also lead to a slower growth in deposits in new offshore banking centres inside the U.S. than would otherwise have been the case.

The impact is, however, hard to quantify at this stage because the offshore banking zones have not yet started up.

A second aspect of the freeze was the souring of relations between U.S. and European banks. This came about because of the way in which Chase Manhattan forced through a decision to call into default a $500m loan arranged for Iran in 1977.

Chase interpreted the freeze as meaning that Iran was unable to service the loan because the payments had to pass through itself as agent bank. Non-U.S. banks participating in the loan, which included Swiss Bank Corporation, Union Bank of Switzerland and National Westminster, argued that, as they were not affected by the U.S. freeze, there was no reason to call the loan into default.

These bad relations seem to have been largely patched up since then, but banks have now become much more careful about legal documentation of Eurocredit business. Greater attempts are made than before to define clearly in the documentation exactly what are the responsibilities of an agent bank and how far it is empowered to institute a default.

Some bankers suggest that the dispute that arose over the $500m credit may have accentuated a trend that emerged last year. International banks have been concentrating more and more on unpublicised bilateral credits, as these obviate any potential disagreements that can develop in a large syndicate.

But once again this development appears to have had other primary roots. Bilateral credits are cheaper to organise than large-scale syndications and they may cement a bank's relationship with a particular borrower which can also offer other lucrative business.

What the assets freeze might have done, but has not, is define in legal terms who has control over banks operating in the international arena.

Probably its most vexing aspect for the international banking community was the attempt by the U.S. Government to extend the freeze to branches of U.S. banks abroad. This gave rise to several lawsuits, notably in Paris and London, with the U.S. banks claiming they were obliged to comply with the freeze and the Iranians asserting a right to the reinbursement of their funds.

Had these suits been settled, a precedent might have been set of far-reaching proportions. Now, under terms of the agreement signed on Monday in Algiers, there seems no need to pursue them, and the opportunity to establish in legal terms who has authority over what in international banking has been lost.

For all its moments of high drama the assets freeze is thus unlikely to go down in history as the most profound shock to international banking in the last ten years.

That place is still reserved for the collapse of Germany's Herstatt Bank in 1974. The Herstatt case was different in a number of ways. First it involved actual losses for banks which have apparently been avoided in the case of Iran: second it was a crisis that struck straight at the core of the system, the complex network of interbank transactions by which money passes along a circuitous route from initial depositor to end-user.

A broken link in the middle of this chain is far more disruptive to confidence than problems at either end of it. These are easier for both the banks and regulatory authorities to handle.

MEN AND MATTERS

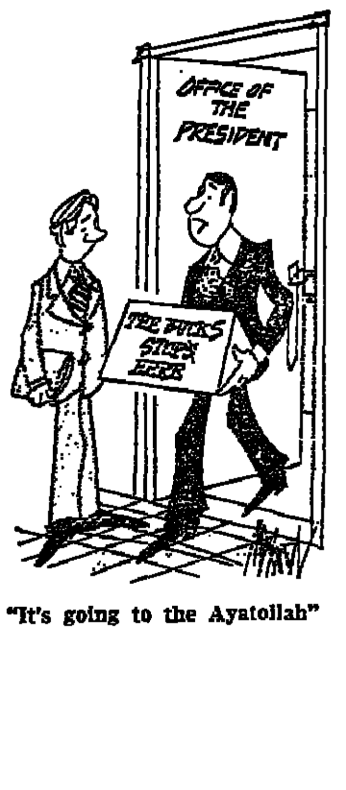
Bulletin jumps the gun

The best story of an admittedly still-young year had the international news agencies vying keenly to be first in telling the world that the U.S. hostages in Iran were free. Consumers of agency product watched their wire machines anxiously all day, waiting for the break. At 4.27 pm it came. Associated Press quoted an "Iranian official" saying that it was all over at last. No word yet from Reuter.

And still no word from Reuter, for over an hour. Not until 5.39 pm came the wire from their man at the airport announcing the release.

Slovenly? No, sharp. For the "Iranian official" turned out to be a misinformed airport policeman contacted by phone from outside Tehran. Considerable satisfaction, then, for Reuters to see their later time confirmed by Iran.

And so we sweep back to the City of London, where the Iranian Central Bank solicitors Stephenson Harwood waited to hear that their work to smooth out the late wrinkles in the settlement had been successful. The good news finally provoked the publicity-shy firm into a modest recognition of its achievement. "The firm is very pleased," it confessed, "that with the co-operation of the other advisors concerned including several firms of City solicitors, their intensive work over the past days and nights has contributed to the settlement now reached." Yes, sir.



"It's going to the Ayatollah"

Joint venture

Showing commendable public spirit after its own recent knocks, ICI is to share the services of its Millbank physiotherapist with out-of-joint MPs down the road at Westminster. Politicians can now be straightened out, rubbed down, and generally given new flex to their muscle for a fee of £8.

This latest addition to the Commons' facilities for keeping MPs on their toes has been arranged by the gymnastic Jim Spicer, Tory MP for Dorset West who also represents Wessex in the European Parliament.

Trial sessions have already revealed a steady demand for therapy—and, I am told, the search goes on for a masseur of bruised political egos.

Raising hopes

Not even the cost to Lord Grade of raising the Titanic on film seems to have put everyone off a real attempt to salvage the long-sunken liner.

Enfield-based engineer Douglas Wooley is making a £5,000 takeover bid for Seawise and Titanic Salvage Ltd., a London company set up in 1978 for just that purpose.

Pursuing a 30-year dream that began with an experiment in a Liverpool school laboratory, Wooley wants to revitalise the company and make a fresh effort to attract the support of what he calls "men with the money and a sense of adventure" for a salvage operation.

The company carried out a feasibility study 15 months ago. But STS chairman Philip Slade tells me: "In spite of a lot of publicity for it, the response was dismal. We had to abandon plans to go ahead with a project to locate and survey the wreck. We just could not raise the money."

Thoughts had been turning to liquidation when Wooley made his bid. But that has not deterred him. He estimates that a salvage attempt would cost up to £9m and claims there is still a lot of encouragement and support for the venture.

But Texan oil millionaire Jack Grimm who made a separate foray into the North Atlantic last year in search of the Titanic is now reported to have abandoned it and gone in search of the Loch Ness monster and the Abominable Snowman instead.

Technical tricks

"The computer, electronics and the microchip mean that earning a dishonest living is conveniently simple for the skilled technologist." That sounds to me like a rather unorthodox but highly persuasive sales pitch for a course in computer technology, but it is in fact the claim of two computer consultants who plan to educate City folk in anti-fraud techniques.

According to Roger Turvey and Brian Hitchen, of Sheerbridge Ltd., no less than £1,300 per minute found its way into the pockets of computer fraudsters in 1979, a total for the year of £680m.

Four-fifths of computer swindles are "opportunistic," reckons Sheerbridge, occurring when staff come upon a flaw in the system on which they can capitalise. The remainder are premeditated, including what are known in the fraternity as "academic" frauds, where the perpetrator is a system user whose job it is to build in the very safeguards which he systematically breaches. "A more cerebral character," says Turvey, "setting himself an intellectual exercise on how to commit the perfect crime."

Sheerbridge's City seminar will be held at the Price Waterhouse Training Centre next month. Attended in the main, I hope, by gamekeepers rather than poachers.

If, on the other hand, you have always longed to commit a fraud but have more of a mechanical than an electrical bent, consider a neat scheme described by Metal Bulletin intended to "adjust" the weight of metal delivered to scrap-yards.

The traditoinal "scam" requires a lorry which comes in twop arts—trailer and cab. Each has a concealed tank, the two connected through the coupling pin. Water can be pumped between the two. So, on entering the yard, the water is pumped into the section which stands on the weighbridge, exaggerating the overall weight of the lorry. When the lorry is weighed on leaving, the water is pumped out of the section standing on thew eighbridge in order to diminish the overall weight. The difference between the two weighings, used to give the weight of metal unloaded at the yard, is thereby increased. Quite literally "watered stock."

The innovation requires a little capital investment, say £8,000 or more. Instead of using water, you uset he far heavier mercury. And instead of a piffling few hundredweights one way or the other, the weighbridge reading can be distorted by up to two tons. "Beware," concludes MB, "or bid for the lorry."

Half the story

"I can tell you why women live longer than men, old boy. They don't have wives."

Observer

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Christian Tyler, Labour Editor, reports that international experience of labour laws may not provide easy answers for Britain

Labour laws: a sword with two edges

BRITAIN'S industrial relations are a constant source of despair to British Governments.

The failure of trade unions and employers to keep order on the shopfloor is seen as a prime cause of low productivity, inefficient manning and lost markets. Occasionally the whole economy is "blown off course" (to use Mr. Harold Wilson's phrase) because of a major labour relations breakdown in a strategic industry.

Politicians, and especially Conservative politicians, therefore look enviously abroad—to West Germany, the U.S. and Scandinavia in particular—where the even tenor of industrial life appears to some of them to be the guarantee of endless economic prosperity.

If only, they say, we had strong but moderate trade union leadership, an authoritative TUC and CBI, and even the vestiges of employer solidarity, most of our problems would be over.

The Green Paper on trade union immunities just published by the Government is another attempt to analyse the defects of Britain's voluntary industrial relations tradition and to discuss whether changes in the law would bring the promised land any closer.

It addresses itself to two central questions: the decentralised nature of trade union power and the lack of a written constitution which means that British unions have no positive rights but only immunities under the common law.

Borrowing freely from foreign systems it asks:

Should lawful industrial action be circumscribed by making collective agreements legally enforceable or by requiring secret ballots?

Should particular forms of action—like picketing and so-called secondary action—be further restricted?

And should trade unions as well as their members become legally liable and their funds vulnerable to compensation claims?

It goes on to ask whether a system of positive rights for unions—such as is normal in countries with written Constitutions—can usefully be set up alongside the common law, thus dispensing with the concept of immunity entirely.

Having rehearsed all the arguments—in a vein that even the TUC cannot find objectionable—the Green Paper, without actually saying so, suggests that the answer to the first question is "probably not," and the answer to the second question "possibly, but with difficulty."

The Green Paper summarises the legal framework of five other countries: Australia, West Germany, France, Sweden and the United States. All of them have enacted legal restraints on trade union activity which British unions—which are both the best organised and the oldest in the world—would find, and have found, very hard to swallow.

There is no tradition in Britain of legally enforceable agreements as there is in Sweden, nor of compulsory arbitration as in Australia, nor of litigation as in the U.S. Furthermore, the reluctance of British trade unions to use the courts has been matched only by the reluctance of employers to do so.

In Britain industrial tribunals, with jurisdiction over individual, not collective, employer-employee disputes, are well-established. But the only attempt to set up a national labour court or compulsory arbitration body like the Australian Conciliation and Arbitration Commission, the U.S. National Labour Relations Board or the West German Federal Labour Court ended in embarrassing failure.

Workers march on Thyssen Steel's administrative building in Oberhausen in 1978 protesting about their lock-out following the first strike of steel workers in West Germany for 50 years.

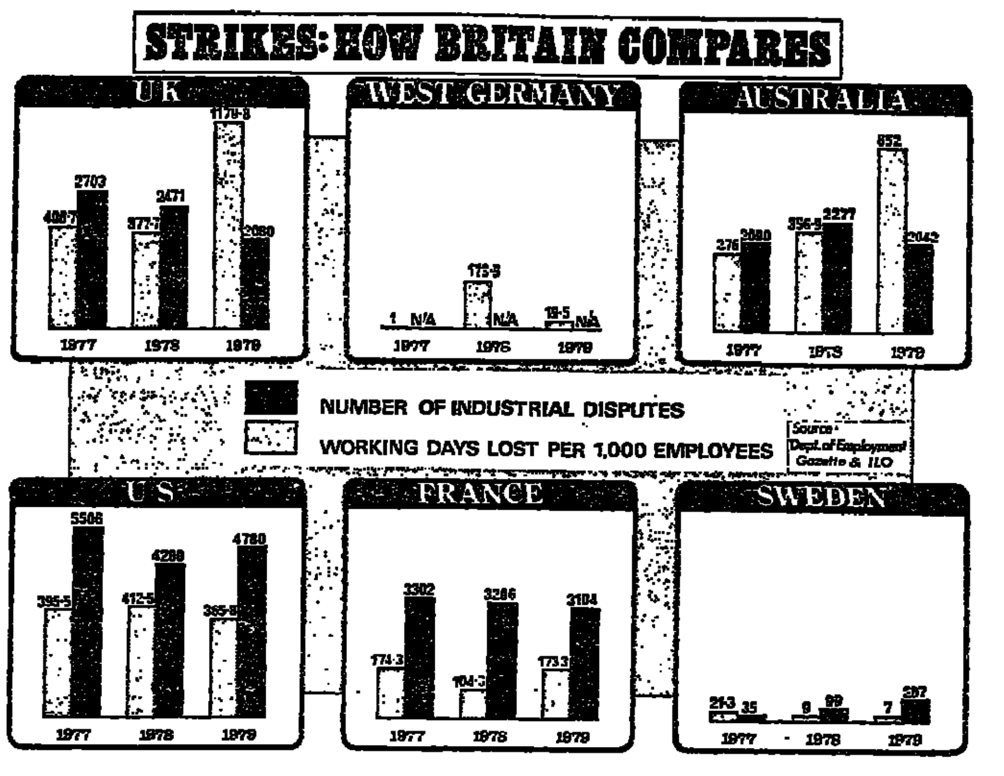
Decisions of the National Industrial Relations Court (NIRC) established by the Conservatives' Industrial Relations Act, 1971, were openly flouted by London dockers and by the Engineering Union. Lawyers as well as trade unionists sighed with relief when it was disbanded.

The only industrial relations institution that has stood the test of time is the Advisory, Conciliation and Arbitration Service, which has no juridical functions or powers of enforcement.

A second difficulty is that legal systems tend to have a long history. Trade unions, whose early development may indeed have been helped by legislation, have become used to their own country's system. For example, the basic Australian statute, the Conciliation and Arbitration Act, dates back to 1904. As well as providing a Commission with powers to settle disputes and make enforceable awards, it is there to encourage the organisation of trade unions and give preference to union members in certain circumstances.

A third problem is that in West Germany, the U.S., France and Sweden the labour laws are based on each country's Constitution. This confers positive rights on unions either implicitly or explicitly as an extension of individual rights. West Germany, which had the advantage of a brand-new trade union structure after the war and is still regarded as a highly-disciplined country, has a legal framework that would be anathema in Britain.

Wage agreements are enforceable and the penalties for their breach considerable. Unions can sue and be sued, "political strikes" are illegal and so is the closed shop. Balloting is not compulsory, but 16 of the 17 member unions of the Deutscher Gewerkschaftsbund (DGB) have a rule requiring a 75 per cent ballot majority for strike action.



Picketing and "secondary" action are not specifically provided for, either because allegedly they do not occur or because they have not been identified by the authorities as problems. There are no limitations on strikes in essential services (though public servants do not have the right to strike), but the DGB keeps a close watch on the provision of emergency cover. This, incidentally, is something the British TUC would like to develop.

Where Germany exemplifies a clear, even authoritarian trade union structure operating in a legalistic framework, France is the opposite. Only some 20 per cent of workers are in unions—less than 10 per cent in most private companies—compared with over 50 per cent in the UK. French strikes tend to start without trade union knowledge, approval or even involvement. Once begun the three rival union confederations vie with each other to support the strike. By contrast, French employers are highly organised.

Collective agreements are legally enforceable, but it is far from clear that either workers or employers pay much attention to that. The liability of French unions to damages is obscure, despite the positive rights of individuals to withdraw labour: employers are said to have had some success in suing unions in recent years.

There is no provision against secondary action, and peaceful picketing is allowed (though sit-ins, which are illegal, are more common).

Perhaps the most popular source of labour law ideas for the Conservative Party is the U.S., where unions are greatly in decline (22 per cent of the workforce compared with 35 per cent after World War II), employers largely anti-union, especially in the now-booming Sunbelt, and the labour laws are both complex and sometimes openly flouted. Violence and corruption have been a notorious feature of U.S. industrial relations and union politics.

Most of the legislation flows from the Labour Management Relations Act of 1947, better known as the Taft-Hartley Act, which is administered by the National Labour Relations Board. Agreements are legally enforceable, with one consequence that protracted set-piece strikes—as in West Germany—are more the order of the day.

The U.S. system depends largely on the concept of the "unfair labour practice," which the last Conservative Government introduced into Britain in its Industrial Relations Act. This concept governs certain kinds of strike, secondary action (unless an employer takes over work from the employer in dispute, in which case he becomes a legitimate target) and picketing. Federal law requires secret ballots in local union elections and for national delegates, and stipulates how often elections must be held. In essential services, "cooling-off periods" can be ordered, followed by a secret ballot. In many cases, however, the order of the President under the Taft-Hartley Act for such cooling off only means that attitudes harden and the ballot goes against the employer.

Many British employers and politicians, in their current enthusiasm for ballots at every turn, seem to forget that the result can go either way. The latest battle of the ballots between the British Steel Corporation and its main union, the Iron and Steel Trades Confederation, is one example.

The anti-Communist Mr. Terry Duffy won the presidency of the Engineering Union on a secret ballot, a result which helps to explain the Government's enthusiasm for them. But if the Marxist Mr. Arthur Scargill wins the presidency of the National Union of Mineworkers it will also be on a secret ballot. Ballots, like national referenda, are fine so long as they give you the result you want.

Letters to the Editor

Employing the unemployed

From Mr. P. Thurnham.

Sir,—Mr. Samuel Brittan January 15 did not end on the "negative" note which I was expecting — that "negative" income tax could provide Government with relief from the dole queues. He does not say how far he feels wages are above market clearing levels. Assuming that an average £30 per week make up would create employment conditions for at least 1m who would otherwise be unemployed, and taking Mr. Brittan's figure of £3,500 pa as the average cost to the Government of an unemployed person, then a negative income tax at this level would save a net £2bn pa of Government expenditure — less the cost of the extra Civil Servants needed in the Inland Revenue department!

Peter G. Thurnham.
Sidegarth, Staveley, Kendal, Cumbria.

Organising production

From Mr. J. Toporowski

Sir,—Faced with the catastrophic consequences of the Government's economic policies, Samuel Brittan (Jan. 15) seems to have been drawn into a veritable confusion of justification which, if proposed by anyone other than one of your columnists, would simply be dismissed as eye-wash. Unable to make up his mind between a monetarism which threatens to bury the Government and a Phillips Curve approach which he knows to be empirically and historically untenable, he seems to have settled on a hybrid form in which "transitional unemployment" is a cost of reducing inflation. This is held to be necessary, but nevertheless have "nothing to do with the Government's anti-inflation programme." Could Mr. Brittan explain in practical steps how "if we refuse to pay this cost, we will not get any more jobs in the long run and may get fewer"? What is the difference between his implied prospect of more jobs when the Government brings inflation down (to where it was when it took office?) and pie in the sky?

Moreover, Mr. Brittan seems to have entirely missed the point of the "Len Murray point." As an economist he should know that it is not about "zero net cost" but about training and employing those presently involuntarily idle at a lower cost than the taxpayer presently pays to have them unemployed.

Ultimately, I suspect that Mr. Brittan is only confusing those arguments that he opposes in order to [illegible]ibute confusion to them, [illegible] blaming the old and high[illegible] er-rated bogey-man of trade unionism because he cannot think of any argument other than loyalty to the bankrupt ideas of vested interests, to excuse the manner in which the Government is sitting on its hands over unemployment. Surely the purpose of a planned and sensible Government economic policy should be not to wait around for a *deus ex machina* (war?) to induce a start to producing the goods and services that are needed, and needed particularly desperately in our depressed regions, but to organise production itself. In that way unemployment could be reduced; indeed it would be reduced even faster if declining industries were not pushed so enthusiastically over the brink. And if Mr. Brittan does not believe that Governments can "pick winners" let him just look at our successful international competitors.

Jan Toporowski.
10A Morison House, Burns Road, Cumbernauld, Scotland.

Clearing bank ledgers

From Mr. C. Beney

Sir,—Am I alone in believing it unreasonable that clearing banks should compute charges and interest on current and deposit accounts from their cleared ledgers and yet invariably issue their clients with statements in the form of uncleared ledgers? The result of course is that customers are completely unable to check the correctness of charges, interest due, and interest payable.

A major clearing bank has just credited a deposit account of which I am a trustee with about half the correct amount of interest. Even so the error nearly escaped my notice, partly because of the fluctuations in the account which prevented a simple credibility check, but also because I knew that I would not be able to do an exact check anyway.

It occurs to me to wonder how auditors check these matters. Do they resort to mind reading? Or do they not in fact check at all?

In these days of computerised banking I do not believe that it would be impossible, or even difficult, for banks to give customers not only statements based on cleared balances but also to append other necessary information such as rates of interest and periods of charge computation. If cleared balances are really not practicable then a fixed clearing delay of say two days could be used so long as customers are told. I believe some banks use this method already but they do not trouble themselves to inform their customers.

C. Beney,
12 Woodlands Road, Bushey, Watford.

Prudent cover

From Mr. P. Bharali

Sir,—I must confess I find Mr. Moggridge's response (January 8) less than convincing; it begs more questions than it answers.

I too want the Export Credits Guarantee Department to underwrite prudently. One would have thought, however, that having 60 or so years of experience in dealing with export risks and with a network of many world agencies at its disposal, ECGD would have acquired the expertise to assess commercial risks quickly. Prudence, when carried to the point of losing export opportunities, is worthless.

Mr. Moggridge says that ECGD has always exercised selectivity in respect of policy holders' (as opposed to buyers') performance. If it is true, then why is it necessary to subject all policy holders to "extra-security requirements," rather than only those whose performance in Nigeria is found to be wanting. Bad trading experience of one policy holder with a specific buyer may sometimes be due to deficiencies, such as suspect quality, on the part of the policy holder. That should be no reason to ask all policy holders to demonstrate each and every buyer's good standing before allowing dispensation.

Mr. Moggridge did not take up my other two points, viz., hasty withdrawal of cover from a buyer based upon a single default claim and ECGD's pedantic attitude towards foreigners' English in foreign banking communications in respect of transfer delay claims. I will let them pass as being points accepted. With regard to his comments on cover for Iran, may I merely mention that ECGD's Schedule 2 dated May, 1980, for short term comprehensive policy placed Iran under clause 13A which precluded all cover.

If I have a plea to make to ECGD it is that it should stop behaving as a purely insurance broker and learn to become a commercially aware export promoting organisation.

P. Bharali.
5, Green Lane, Charlton, Nr. Banbury, Oxfordshire.

Spreading the burden

From Mr. D. Roaf

Sir,—Mr. C. W. Drew (January 10) argued against transferring housing subsidies from houses to people on the ground that incentives would be reduced by the consequent means-tests.

In fact present means-tests on rent and rate rebates imply marginal tax-rates of over 90 per cent for many people. A replacement of all means-tests by a tax-credit scheme is long overdue. Such a scheme could include a housing credit (as proposed by the Liberal Party) with implied marginal tax-rates of about 40 per cent.

Mr. Drew points out that the average man with the average family cannot afford to live in the average house without help. But there is a simple radical reform to square this circle—the use of inflation accounting for housing finance. Suppose all housing loans were index-linked (building society deposits, mortgages and local authority borrowing). Interest rates would be at most 3 per cent. The average man's income (say £6,000 pa) could easily bear an index-linked mortgage for £18,000 to buy the average £20,000 house.

Equally rents of new council houses would be adequate to pay for maintenance and to pay interest on the borrowings made to build the houses. No subsidies would be needed.

Of course this index-linking would mean higher mortgage payments than are normal today towards the end of the mortgage life, as the effect of index-linking is to spread the real burden of the mortgage evenly over its life.

D. J. Roaf.
Exeter College, Oxford.

Rents and repairs

From the Press Officer.

Sir,—Lack of repair of much of the housing stock is a serious problem and Mr. Ernest Cantle is right when he says that about two-fifths of all unfit houses are in the private rented sector (January 15).

Throughout its normal life a dwelling probably needs three or four "face lifts" apart from normal running repairs. So-called "fair" rents provide no margin for this let alone for amortisation. The landlords present minimal return can be wiped out for several years when heavy repair bills arise.

Personal motivations also come into this matter as we have frankly admitted to the House of Commons environmental committee which is looking into the private rented sector. When the Rents Acts put the landlord at the mercy of his tenant by bestowing on the tenant the right of indefinite security at uneconomic rents, the landlord is not going to be disposed to make him more comfortable by assiduous attention to repairs and to undertaking improvements. So we do not deny that private tenants can experience serious difficulties in getting repairs done.

The facts are, however, that local authorities have overwhelming power to require landlords to undertake repairs and they sometimes exercise them in a dictatorial and unsympathetic way. It cannot make any sort of sense or justice to deny landlords a proper rent and then force them to spend hundreds or even thousands of pounds on repairs.

The last Labour Government commanded the nationalised industries to earn a net return of 5 per cent on the true value of their capital after costs, interest charges and amortisation at replacement cost. Compared with this the private landlord is lucky to get a gross return of 3 per cent.

Fair rents have never been economic since they were introduced in 1965 and inflation, compounded by the phasing provisions, eroded the return by over 50 per cent in the 1970s. We therefore found it almost laughable that the environmental committee asked a question about the possible increase in the supply of private rented housing in response to rent increases in real terms of 10 per cent or 20 per cent. Regrettably, it goes to show just how out of touch the politicians are with the realities of the situation.

G. F. Cutting.
Small Landlords Association,
7, Rosedene Avenue, Streatham, SW16.

Anticipating a change

From Mr. G. Blakey

Sir,—May I be permitted to make a plea for the restoration of the word "expect" to the vocabularies of journalists, newsreaders and company chairmen alike, and the more sparing use of the word "anticipate"?

The latter word is not simply a supposedly more refined version of the former, like saying "an adequate sufficiency" in place of "enough." To "expect," properly used, means to look for something to happen. To "anticipate" means to take action ahead of that event.

Thus for a weather forecaster to expect heavy rain is a simple statement of opinion. For him to anticipate it implies that he has bought an umbrella. For company chairmen the use of the wrong word is potentially serious thanks to the new laws concerning insider trading. The next time a chairman says that he "anticipates" bad results, may we assume that he has sold his shares?

G. C. Blakey
72, Courtfield Gardens, SW5

Today's Events

GENERAL

UK: Financial Times two-day conference opens on the Euromarkets in 1981—speakers include Mr. Norman Robertson, Mellon Bank chief economist, and Mr. Shridath Surendranath Ramphal, Commonwealth Secretary General, Inter-Continental Hotel, W1.

London Chamber of Commerce conference on banking services in the Middle East and North Africa, 69 Cannon Street.

Mass meeting at Lucas Girling disc brake factory to discuss planned plant closure, Bromborough.

Mr. Gerald Kaufman, Opposition environment spokesman, speaks on Tory housing policies, Edgware.

Nationwide Building Society announces 1980 results.

Overseas: European Commission meets to decide on appointment of new Farm Commissioner.

Financial Times two-day conference opens in Delhi on India as a world trading partner—speakers include Mr. John Biffen, Trade Secretary.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on energy policy. Motions on the Rate Support Grant (Scotland) Order and on the House Supporting Grant (Scotland) Orders.

House of Lords: Debate on transport policy, with particular reference to long term investment. Criminal Justice (Amendment) Bill Committee stage.

Select Committees: Education, Science and Arts. Subject: The secondary school curriculum and examinations. Witnesses: Secondary Heads Association. (Room 6, 10.30 am). Welsh Affairs. Subject: Broadcasting in the Welsh Language and the implications for Welsh and non-Welsh speaking viewers and listeners. Witnesses: NUJ; National Association of Theatrical, Television Kine Employees; Association of Cinematograph Television and Allied Technicians (Room 8, 10.30 am and 4 pm). Special Services. Subject: Medical Education (Room 21, 4.30 pm).

OFFICIAL STATISTICS

Indices of average earnings for November. Indices of basic rates of wage for December. Index of industrial production for Wales (third quarter). Department of the Environment gives details of new construction orders.

COMPANY MEETINGS

J. A. Devenish, The Brewery, Hope Square, Weymouth, 12.30. Hanson Trust, Great Eastern Hotel, Liverpool Street, EC, 11.30. MEPC, The Hyde Park Hotel, 66 Knightsbridge, SW, 12. Trafalgar House, The Baltic Exchange, 14-20, St. Mary Axe, EC, 11.30. Wolverhampton and Dudley Breweries, Station Hotel, Castle Hill, Dudley, 12.

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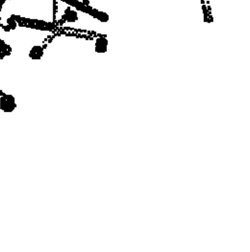

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Sales target passed and Trident climbs to £9.1m

IN HIS interim statement, Mr. G. E. Ward Thomas, chairman and managing director of **Trident Television**, expressed his belief that despite many uncertainties the company would reach its sales revenue target at the year end.

His confidence has been borne out for the target has been passed by a "useful margin." Pre-tax profits for the year to September 30, 1980, have climbed from £7.51m to £9.13m, despite payment of the Exchequer Levy of £11.3m against £7.72m.

Turnover soared from £64.46m to £90.01m.

Mr. Ward Thomas says that in view of the IBA's decisions regarding future contracts, the directors have decided to defer holding the annual general meeting until they are in a position to put firm proposals to the shareholders. This will be done as soon as discussions with the IBA are completed.

In the meantime, the board has decided to declare a second interim dividend in lieu of a final, of 2.74p per share for a total of 4p (3.475p). Stated net earnings per share are up from 5.7p to 8.6p.

The pre-tax figure includes £6.94m (£5.17m) from television contracting and £2.19m (£2.34m) from other operations.

There was a tax charge of £4.35m (£4.23m), and after extraordinary items of £4.78m (£3.29m) and minorities of £6,000 (£22,000) attributable profit was £4.22m (£2.8m).

With dividends absorbing £1.96m against £1.7m, profit retained was up from £1.1m to £2.27m.

Lex, Back Page

HIGHLIGHTS

In the aftermath of the **House of Fraser** egm Lex considers the next possible developments in the struggle between **Lonrho** and the embattled stores group. The money markets are reviewed in the light of the effects of the tax-paying season ahead of January's make-up day. There is also City speculation over new funding techniques that the Government might adopt. On the company front **Trident Television** published its figures which are understandably overhung by the IBA's order that the company must sell off its majority stakes in Tyne Tees and Yorkshire. Finally Lex discusses the decision by a smallish stockbroker, **Rowe Rudd**, to close its doors and reopen as a financial services house.

Heron Motor cuts losses

STRUCK AFTER interest charged of £348,000 against £424,000, **Heron Motor Group** has suffered taxable losses of £247,000 for the six months ended September 30, 1980, compared with profits of £1.04m. *Turnover slumped by some £20m* from £65.82m to £45.93m.

The directors say the current economic recession continues to affect profitability, and that results are very disappointing, although, as predicted, they are an improvement on the second *half of last year when an* £833,000 loss left the full period's total well down at £206,000 (£3.53m).

With trading still highly competitive the directors say it is difficult to anticipate results for this year.

The interim dividend is halved at 0.4p net per 25p share—last year's final was 0.92p.

After first-half tax of £21,000 (£332,000) loss came through at £268,000 against a £707,000 profit giving a loss per share of 0.67p (1.78p earnings).

The branch rationalisation programme undertaken in 1978 and 1979 contributed to the improvement, over the 1979-80 second-half result, and was reflected in lower overheads and interest, as well as the reduced turnover.

This programme is virtually complete, they state, and any extraordinary losses incurred in closures during the year will be absorbed by surpluses arising on disposal of properties.

The company is a car, commercial and agricultural vehicle distributor and garage operator and is a subsidiary of Heron International.

● comment

The rationalisation programme at **Heron Motor Group** is beginning to have the desired *effect* on group finances. Trading in the first six months was only just profitable—at a pre-interest margin of 0.2 per cent—and the interest charge was more than enough to wipe out the trading profit. This improves considerably on the second half of last year, when there was a loss at the trading level and the interest charge was nearly twice as high. Heron is "moving a lot of metal," although hefty discounts have been needed to achieve this. Debt is still falling thanks to asset disposal and the group, *which is currently trading profitably* after interst, expects to have no net borrowings in its balance sheet at the end of March. The shares drifted back ½p, regaining their year's low *of* 23p.

Wellman Engineering £407,000 in the red

AFTER making heavy redundancy payments, the **Wellman Engineering Corporation** shows a pre-tax loss of £407,000 for the half-year to September 30, 1980, compared with a profit of £545,000. Turnover rose from £11.88m to £17.27m.

Mr. A. C. Hopkins, chairman, says the group would have broken even at trading level but for the redundancies, which cost £204,000. He believes the second half will show some improvement in trading.

At the annual meeting last September, Mr. Hopkins forecast that the group, which is engaged in thermal and mechanical engineering, designing and manufacturing, would make a loss during the first half of the current year. This, he said, was due to the world-wide recession in the industries served by the group.

In spite of the loss, the interim dividend will be maintained at 1.6p net, absorbing £210,000 (£180,000). In 1979/80, the group paid a total dividend of 3.35p from profits of £2.02m (£1.03m).

The group operating loss for the half-year was £197,000, compared with £502,000 profit last time. The loss attributable to associates was £35,000 (£24,000), and there were increased interest charges of £175,000 (£67,000).

A tax credit of £18,000 (£237,000 debit) reduced the loss to £389,000 (£258,000 profit) giving earnings per 25p share of 3.36p (2.29p).

The turnover *included only* seven weeks operations at Wellman Thermal Systems.

Mr. Hopkins says the business of Frank Wigglesworth is trading up to expectations. The integration of the Birlec business is proceeding according to plan.

All subsidiaries have taken action to guard against the difficult conditions. Orders are still a problem to obtain, although Wellman Furnaces is encouraged by a recent order worth £4.7m for 14 metal decorating lines.

Negotiations to dispose of Parnell House have been completed. An institution acquired it earlier this month for £1.75m cash. Surplus less any tax will be treated as an extraordinary item in the annual accounts and will be added to the shareholders' funds. These would have been some £7.5m if the sale had been completed before September 30. The proceeds have been used to reduce short term borrowings, principally in the U.S.

● comment

The institutional support which has found its way into **Wellman** in the last year is clearly taking the view that the anticipated interim setback is a case of hope deferred rather than hope abandoned. The shares added ½p to 53½p yesterday after the near £1m turnround to a £407,000 loss and the only immediate support at this level is an historic, and presumably prospective, *yield of 9.2 per* cent. The group has been grafting additional volume on to its UK base by acquisition (funded in the main by vendor placings) while trimming a lot of the domestic workforce. Wellman should be on the road back to *profits* in the second half but the real surge will come from coal gasification orders. South African demand for this equipment has been burgeoning but the impetus must come from the U.S. where the planned deregulation of gas prices in the late spring is expected to provide the main stimulant. In the meantime, the American subsidiary has probably lost about £400,000 pre-tax but short-term U.S. debts of some £1m have now been eliminated.

Midterm slide for Amber Day

A RETURN to pre-tax profit was achieved by **Amber Day Holdings** for the six months to November 1, 1980, following the £116,000 loss for the second half last time.

But the £230,000 profit shown for the halfyear was well down on the £826,000 for the corresponding period, and reflects the difficult trading conditions and further rationalisation costs.

"The group does, however, *continue to enjoy a satisfactory* liquidity position which places it in a favourable situation to take advantage of opportunities as they arise," says Mr. Metzger, the chairman.

This factor together with the initial satisfactory results and prospects of the joint venture to franchise and market products designed by Barbara Hulanicki, and benefits of six new stores, gives the Board encouragement for the future.

Amber's halftime sales slipped £1m to £15.55m and group trading profit emerged down from £1.01m to £230,000. Last time there were £185,000 exceptional trading costs.

Though stated earnings per *20p share dived from 4.93p to* 0.12p the net interim dividend is being held at 0.9p. This again absorbs £139,000 and there is a preference payment of £105,000 (nil).

Last time a 1.9625p final was paid on the ordinary from profit for the year of £710,000.

Atributable halfyear surplus came out close to break-even at £27,000 (£952,000) after extraordinary losses of £97,000 (gains £211,000), minorities of £45,000 (£14,000) and a pre-acquisition profits of £35,000 (£45,000).

The company has entered conditional contracts to acquire minority interests accounting for £32,000 of the minority profit reported.

The extraordinary losses principally relate to termination costs of certain operating centres. The gains for the comparative period arose on the sale of premises.

Comparatives were restated.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amber Day .... int.	0.9	April 30	0.9	—	2.86
Bootham Engineers	6	—	6	11.5	11.5
Countryside Props.	2.1‡	—	2.1	3.5	3.5
Grange Trust	*2.6*	*March 6*	2.25	3.7	3.2
Group Investors ... int.	1.1	March 6	1	—	2.8
Heron Motor .... int.	0.4	—	0.8	—	1.72
Leda Inv. .... 2nd int.	2.8	Feb. 27	2.45	4.27	3.78
Palmeston Invest. ... int.	0.59	March 3	0.59	—	1.73
Prop. Security ...... int.	0.5	April 1	0.4*	—§	1.44*
Trident IV ... .. 2nd int.	2.74	April 3	2.38	4	3.48
Wellman Eng. ...... int.	1.6	March 9	1.6	—	3.35

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ On 25p shares. § Final 1.3p anticipated.

Joint bid for Rosgill

AMBER DAY and the former chairman of Rosgill, Mr. J. L. Ingles are jointly launching a bid for *Rosgill Holdings*, a cloning distributor. The vehicle for the cash bid, which prices Rosgill at £2.63m, is Lawncast, a private company recently established.

day that it had achieved acceptances amounting to 5.8 per cent of the equity of Rosgill Holdings.

Lawncast, which currently has two issued shares, will be acquiring the 22 per cent shareholding in Rosegill held by Mr. J. L. Ingles and family in exchange for the same number of shares in Lawncast.

Mr. Ingles, the founder of Rosgill, resigned last December following a boardroom dispute over who should be appointed managing director to replace Mr. Peel, who had announced his intention to leave the company.

In the event, the board of Rosgill, which collectively hold 5 per cent of its shares turned down the proposed candidate and Mr. Peel remained.

In addition, ICFC, which holds 31.75 per cent of Rosgill's shares and Grapefield (a Courtaulds' subsidiary), which holds 9 per cent, have agreed to accept Lawncast's offer.

Charterhouse Japhet, Lawncast's adviser, has acquired 600,000 Rosgill shares at 27.5p per share from ICFC and agreed to sell these to Lawncast in return for the same number of shares in Lawncast. These shares will in turn be purchased by Amber Day.

The cash offered to Rosgill shareholders will be provided by Amber Day, which will be recompensed by the issue of Lawncast shares at 27.5p each.

Assuming the offer is fully accepted Amber Day will hold 78 per cent of the equity of Rosgill through a similarly sized holding in awncast. Mr. Ingles will hold the balance.

Mr. R. Metzger, chairman of Amber Day, said that the acquisition of Rosgill "would fit in very nicely with the company's policy of diversification."

He said he thought Rosgill would benefit from Ambler's manufacturing and design expertise.

The deal would cost Amber approximately £2m if the bid was fully accepted. Mr. Metzger said this would be financed by a medium-term loan. The company currently has around £1m short-term cash balance.

The board of Rosgill reacted *angrily to Lawncast's* offer, stating that they were "unanimous in condemning the offer as failing to reflect the company's value, particularly in view of the trading figures recently announced." In the half year to December 8, 1980, profits rose by 27 per cent to £612,000.

The board said it was con*cerned that minority* shareholders have not been given the opportunity to realise the true value of their investment. Net assets per share as at May 31, 1980, were 25.4p.

In addition, the directors state they do not consider there is any commercial advantage to Rosgill in an association with Amber Day Holdings.

County Bank which is advising Rosgill, said it was very surprised by Lawncast's offer. It had known for some time that ICFC was keen to sell its stake in Rosgill and had hoped to be able, on behalf of the current board of Rosgill, to purchase ICFC's shareholding.

Mr. Bruce Fireman, of Charterhouse Japhet, admitted that Lawncast's offer had pre-empted the existing board of Rosgill's bid for ICFC shareholding.

ICFC said it had decided to sell its shareholding in Rosgill following the boardroom dispute, and because it felt the company would benefit from an association with a larger group.

The reason why it had previously *turned down proposals* from the existing Rosgill board to purchase its shares was because it felt all the shareholders should have an equal opportunity to dispose of their holdings.

Parkfield Foundries for unlisted market

Parkfield Foundries, makers of high quality castings, is coming to the Stock Exchange's Unlisted Securities Market by way of a distribution of the 41 per cent stake held by United Capitals Investment Trust, which is in voluntary liquidation, to its 240 shareholders.

Parkfield, until now a private company, operates two foundries, one producing heavy castings and the other light castings, at Stockton-on-Tees. Turnover has grown from £3.5m in the year ended on May 1, 1975 to £5.5m last year. The group achieved pre-tax profits of £203,000 in 1976, a loss of £126,000 in 1977, and profits of £59,000, £53,000 and £365,000 in the last three years.

The performance of the light foundry was enhanced in 1979-80 by the developing market for high-technology brake discs for high speed trains and heavy duty flywheels for diesel engines. Production rose from 4.4m tons in 1975-76 to 5.1m tons in 1979-80. Sales revenue in the same period increased from £1.55m to £3.36m from a small number of important customers including Lucas Girling, Cummins Engine, British Leyland Truck and Bus, Perkins Engines and Lister Engines.

The heavy foundry, which operates as a jobbing shop, was recently modernised after being unprofitable for the last four years. It has since returned to profitability.

In the first 27 weeks of the year to November 1, 1980, group pre-tax profit after charging £14,000 for redundancy payments was £111,000 on turnover of £2.25m. A maintained interim dividend of 7 per cent (0.35p) is to be paid. The directors do not make a profit forecast for the full year but say they intend to recommend a maintained final dividend of 10½ per cent (0.525p).

At the last balance sheet date, the group had net tangible assets of £634,000, of which fixed assets accounted for £381,000. Borrowings amounted to £215,000 and shareholders' funds were £408,000. Borrowings have since risen to £297,000.

Parkfield's £150,000 share capital consists of 3m ordinary 5p shares. Six directors together hold 27.1 per cent of the shares.

Dealings in the shares begin next Monday and brokers to the introduction are Murray and Company.

Leda Inv.

Revenue of **Leda Investment Trust** came out ahead at £215,687 against £189,777, for 1980, after tax up from £87,894 to £98,379, and the dividend is lifted to 4.27p net per 20p income share, compared with 3.78p, with a second interim of 2.8p.

Gross revenue for the period *expanded from £338,457 to* £381,795, earnings per share are shown as 4.32p (3.81p) and net asset value is given as 71.9p, against 53.4p, as at December 31.

SPAIN

January 20	%	+ or −
Banco Bilbao	262	+4
Banco Central	*301*	*+5*
Banco Exterior	344	
Banco Hispano	252	+5
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	305	+4
Banco Urquijo	150	
Banco Vizcaya	280	+5
Banco Zaragoza	212	
Dragados	91	+1
Espanola Zinc	46	
Fecsa	58.2	+0.5
Gal Preciados	26	
Hidrola	67	+1.3
Iberduero	58	−2.2
Petroleos	84	−2
Petroliber	75	
Sogefisa	102	
Telefonica	60	−3.5
Union Elect.	64	+1.8

NEW LIFE BUSINESS

1980 opened doors to success

FOR home service life companies selling direct through agents "*calling at the door*," 1980 was a good year for new business. Both industrial branch (life policies) where premiums are paid weekly or four-weekly and collected direct by agents, and the ordinary branch showed good progress.

This is in contrast to ordinary life business sold by those companies relying heavily on brokers These experienced a poor year.

New annual premiums in the industrial branch business of **Pearl Assurance Company** rose by 14 per cent in 1980 from £24.4m to £27.9m—an increase below the industry average for industrial business. New sums assured improved by 13 per cent from £308m to £349m.

Total new annual premiums in the ordinary branch remained unchanged last year at £16m. But *new annual premiums on* linked life business fell by nearly half from £4.5m to £2.6m. But this drop was compensated by a 24 per cent rise in self-employed business to £3.05m (£2.45m), following an intensive TV campaign, and a 9 per cent rise in traditional life business, mainly with-profit, from £8.66m to £9.44m.

The company wrote nearly £600,000 of annual premiums on its new linked self-employed pension contract, but ordinary linked single premiums were more than halved to £6.3m, against £14.5m.

New sums assured in the ordinary branch declined slightly to £531m (£534m).

London and Manchester Assurance reports total new annual premiums up by 14 per cent in 1980 from £11.4m to £12.9m, *despite the dull market for* mortgage related business. The industrial branch moved ahead strongly with a 22 per cent rise in premiums from £5.2m to £6.4m.

The ordinary branch recorded a 10 per cent increase in new *annual premius from the home* service division, rising from £2.63m *to £2.9* following the success of the new flexible endowment contract.

Life broker business remained static at £1.7m, a one-third fall in mortgage business being balanced by growth in other sales. Single premium business doubled to £800,000.

Net new annual premiums in the pensions division improved by 14 per cent to a record £2m. Single premiums in this division jumped by over 75 per cent to £1.8m. Total single premiums were 50 per cent higher at £2.9m.

Total sums assured amounted to £376m compared with £345m.

A 23 per cent rise in new annual premiums in the ordinary branch in 1980 from £4.6m to £5.6m is reported by the **Royal London Mutual Insurance Society.** *With* profits business rose nearly 20 per cent and self-employed pensions business by 25 per cent. The company's mortgage-related business improved 26 per cent, admittedly from a low base, thanks to the success of the top-up mortgage facility introduced in August. Single premiums declined by one-third from £355,000 to £224,000. New sums assured amounted to £238m compared with £157m.

New annual premiums in the industrial branch rose 4 per cent from £7.1m to £7.4m, a low growth rate compared to other home service companies, with new sums assured of £152m against £117m.

The Society is improving its special final bonus paid on death and maturity claims in 1981 by amounts varying from 6 per cent *to 14 per cent of the previous* rate.

Total new annual premiums of the **Britannic Assurance Company** rose by 17 per cent in 1980 from £22m to £25.8m, with premiums in the industrial branch jumping 16 per cent from £18.3m to £21.3m. Ordinary branch annual premiums rose 23 per cent from £3.7m to £4.6m and annuity considerations by 17 per cent from £221,000 to £259,000. Total new sums assure: amounted to £433m against £369m.

The Refuge Assurance Company reports a 16 per cent growth in annual premiums in the industrial branch from £9.6m to £11.1m and a 7 per cent annual premium rise in the ordinary branch premiums from £3.86m to £4.13m. Single premiums in the ordinary branch dropped by nearly one-third from £723,000 to £500,000. New sums assured were £142m against £127m in the industrial branch and £119m against £110m in the ordinary branch.

The **Co-operative Insurance Society** recorded a 12 per cent improvement in total annual *premiums from £39.4m to £44.9m*, with new sums assured up by 12 per cent from £1.04bn to £1.17bn.

The **Liverpool Victoria Friendly Society** achieved a 24 per cent rise in annual premiums in the industrial branch from £10m to £12.5m and a 12 per cent improvement in the ordinary branch from £2.3m to £2.5m. Total new sums assured rose from £201m to £235m.

SANTOS 2-FOR-1 SCRIP ISSUE

The South Australian-based oil and gas producer **Santos** is to make a two-for-one scrip issue and intends to maintain the rate of dividend on the increased capital.

Santos says the new shares *will rank equally with existing* shares for 1981 dividends but will not participate in the final dividend, to be declared in respect of 1980, which still has to be announced.

LONDON TRADED OPTIONS

(Jan. 19 Total contracts 984)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	104	1	—	—	—	—	402p
BP	390	14	39	42	13	58	—	"
BP	420	½	4	24	51	44	2	"
BP	460	½	14	11	40	28	—	"
BP	500	4	8	5	—	18	3	"
Com. Union	180	¼	6	1	—	2	—	136p
Cons. Gold	448	27	10	—	—	—	—	473p
Cons. Gold	588	¼	1	5	1	13	—	"
Cons. Gold	638	¼	11	3	3	5	—	"
Cons. Gold	688	½	1	1½	—	3	1	"
Courtaulds	50	4	3	9½	—	12½	—	54p
Courtaulds	60	¼	6	3½	—	7½	—	"
Courtaulds	70	¼	15	2	—	4	—	"
Courtaulds	80	¼	5	—	—	—	—	"
Courtaulds	90	¼	1	—	—	—	—	"
GEC	390	190	1	—	—	—	—	578p
GEC	550	30	16	68	—	95	—	"
GEC	500	1	2	35	5	63	—	"
GEC	650	½	1	17	1	40	1	"
Grand Met.	130	22	11	—	—	—	—	152p
Grand Met.	140	12	21	18	48	25	—	"
Grand Met.	160	½	—	7	18	14	5	"
Grand Met.	180	¼	10	3	—	7	—	"
ICI	280	—	—	26	10	37	13	286p
ICI	300	1	—	14	—	26	2	"
ICI	330	½	13	6	7	14	3	"
ICI	360	¼	14	2½	—	7	—	"
ICI	390	¼	2	1	2	—	—	"
Land Sec.	353	17	37	—	—	—	—	368p
Land Sec.	360	—	—	30	11	40	—	"
Land Sec.	390	½	1	15	20	25	10	"
Marks & Sp.	80	35½	1	—	—	—	—	115p
Marks & Sp.	*100*	*15½*	*51*	*20*	—	25	—	"
Marks & Sp.	110	5½	136	12½	—	18	—	"
Marks & Sp.	120	¼	—	6	74	12½	—	"
Shell	360	96	1	—	—	—	—	454p
Shell	420	36	20	52	—	66	1	"
Shell	460	3	—	27	28	42	—	"
Shell	500	½	2	16	1	27	—	"
Shell	550	½	3	7	—	13	9	"
Totals			457		311		47	
		February		May		August		
Lasmo	750	16	—	57	4	87	—	709p
Lasmo	800	5	—	35	10	67	—	"
Lonrho	90	—	—	16	52	19	—	94p
Lonrho	100	—	—	8	33	13	4	"
Lonrho	104	3	5	—	—	—	—	"
Lonrho	110	—	—	4½	18	6½	—	"
P. & O.	100	15	4	—	—	—	—	113p
P. & O.	150	½	4	4½	—	9	—	"
Racal Elec.	300	18	30	35	—	47	—	502p
Racal Elec.	330	7	1	22	14	33	—	"
Racal Elec.	360	1½	—	13	—	23	2	"
Racal Elec.	390	¼	—	7	—	15	3	"
RTZ	484	2	—	10	5	—	—	396p
Totals			44		136		9	

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BANKS'S HANSON'S

The Wolverhampton & Dudley Breweries, Limited

Mr E. J. Thompson reports on another record year

"Against a national background of falling volume we have continued to increase our sales of draught beer, turnover being up by 12.5% and profit before taxation up 10.9%."

Expansion Capital expenditure of over £12 million has been invested in our public houses over the last five years. A new house was opened on 12th December and two more will open during 1981.

Prospects We have made a satisfactory start to the current year and remain vigilant to minimize the effects of rising costs while maintaining the high quality of our products and efficiency of our operations.

Results in brief to 30th September – £'000s

	1980	1979	1978	1977	1976
Turnover	63,403	56,368	48,886	41,762	34,857
Profit before taxation	9,054	8,167	6,997	5,664	5,103
Earnings per share*	17.3p	16.9p	13.6p	16.7p	9.5p
Ordinary dividend per share*	5.00p	4.25p	3.28p	2.87p	2.57p

**Adjusted for 1-for-1 capitalization issue in June 1980*

TRADITIONAL DRAUGHT BEERS

UK COMPANY NEWS

Countryside lower for year but outlook good

UNABLE TO recoup steeply rising costs in selling prices Countryside Properties finished the year to September last with taxable profit down from £1.31m to £903,000.

A shortfall was anticipated by the company in June when reporting midway profit ahead from £514,000 to a best-ever mid-term figure of £753,000.

Sales for the 12 months by the Billericay-based housebuilder and property developer rose 20 per cent to a record £14.5m and forward sales are currently at a high of £9m.

"Prospects for the current financial year are encouraging, although the profit level will much depend on the timing of commercial development completions," says Mr. Alan Cherry, deputy chairman.

Progress was made during 1980 in expanding commercial property development, which now forms a larger proportion of Countryside business, he explains.

Mr. Cherry points out that 1979 was an exceptionally favourable period for housebuilding and he regards the 1979-80 profit performance as "not unreasonable in the circumstances."

Stated earnings per 25p share for the year are shown down at 13.6p (20.7p) but the net final dividend is being maintained at 2.1p for a total again at 3.5p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: AGB Research, Ashley Industrial Trust, James Austin Steel, Courts (Furnishers), Marler Estates, New Witwatersrand Gold Exploration, Steding Knitting, Symonds Engineering.

Finals: Albion, Anglia Television, Camford Engineering, Lookers, Trusthouse Forte, Union Discount, Vogelstruisbult Metal, Warner Estate.

FUTURE DATES

Interims—	
Amalg. Distilled Products	Jan. 28
Bevan (D. F.)	Jan. 28
Dom	Jan. 22
MFI Furniture	Jan. 27
Macarthys Pharmaceuticals	Jan. 29
Finals—	
Bullough	Jan. 29
Stirling Trust	Feb. 4
Turner and Newall	Mar. 11
UC Investments	Feb. 3

With tax taking £90,000 (£65,000) net profit emerged at £813,000 (£1.24m) and the retained balance was £603,000 (£1.08m) after dividends costing £210,000 against £160,000.

During the year one office development at Chelmsford, Essex, was completed and another currently under construction in the same town has been forward sold to a pension fund, the directors report.

A large supermarket development at Leigh-on-Sea, Essex, has also been forward sold and work is progressing on a shopping scheme at North Melbourne, Chelmsford, which has been forward let to Key Markets.

It is likely that the freehold of the shopping scheme will be sold to a new investment company in which Countryside will have a substantial shareholding.

On the housebuilding side, Countryside has been successful recently in two competitive tenders involving 24 acres of prime land. This will enhance the group's land reserves held for future development.

At Chelmer Village—the group's largest residential development—good progress is being maintained and the next phase of 140 housing units will be started this year, the directors add.

Hickson & Welch sees further fall

AT BEST, demand for chemicals is likely to increase only modestly in the next 12 months, says Mr. T. Harrington, chairman of **Hickson and Welch (Holdings)** and this could come so late as to have little effect on the group's financial year.

And while some improvement in timber preservation and building materials interests is expected, it will be difficult to match the profit for the year to September 30, 1980 which, as reported on January 9, fell from £8.06m to £6.5m.

Capital expenditure of £4.2m, including £3.4m in the UK, will be lower in the current year, the chairman states in his annual statement to shareholders.

And although the directors recognise the hazards as well as the attractions of entering new fields, they are actively seeking new investment opportunities which will expand the traditional business and establish new areas for future development.

Current cost adjustments reduce the pre-tax profit for the year to £1.75m (£2.81m).

Bootham profits down

PROFITS BEFORE tax of York-based **Bootham Engineers** have fallen from £795,676 to £415,038 in the year ended October 31, 1980, but the directors are maintaining the total dividend at 11.5p per £1 share with an unchanged final payment of 6p.

First-half profits were down from £317,000 to £228,000 and the directors said then that with uncertain second half prospects, the group was unlikely to reach the level of profit achieved in the previous year.

In his annual review, Mr. J. S. Rymer, chairman, blames the year's downturn on the effects of the recession. One of the group's strengths has been its spread of activities in reconditioning and repair fabrication and a wide range of customers, "but the rundown in basic industry became so severe that it started to have a serious effect on us as well," the chairman states.

Mr. Rymer says it is extremely difficult to forecast the outcome of trading for the next 12 months. Early indications are not encouraging "but as always, our group is poised to take advantage of opportunities as they arise."

Since the summer, the Board has been watching expenditure very closely to preserve the normally fairly satisfactory cash flow. Despite this action, bank borrowing has cost £158,000 more than last year.

At York, stage three of the new Melrose workshop has been completed, but York Engineering profits are about 15 per cent down on last year. The special services division mechanical handling department experienced disruption while new offices were built.

The machine manufacturing services department did a good deal of work in reconditioning machines for the group's own use and has done a limited amount of new work in the special purpose machinery market, the chairman reports.

Some machines have been installed for the first time at the Northamptonshire depot and sales base, enabling the group to offer a better service, particularly for jobs needing a fast turnround. There was also another profitable year for the Scarborough unit.

The Scottish works increased its turnover this year, compared with last year, and came close to breaking even, while there was a similar result at Northwich.

The Bootham materials handling subsidiary remained profitable, though at a lower level than last year. Despite being affected by the steel strike, both factories kept working until mid-March, when they went on a three-day week for a short period.

The Pinxton plant went back on a short week for about a month in summer and the special services division welding products department depot at the plant was closed. The new extension at Worksop has been completed, doubling capacity at the factory and increasing the company's flexibility in production and pricing.

Foxton's Garage at York also remained profitable, but at a lower level than 1979.

MORLEY FOR USM

R. H. Morley Group, a company specialising in the manufacture of plastic bags, is moving across from dealing under Rule 163 to the Unlisted Securities Market.

Morley started trading on the 163 market last March when Rowe Rudd arranged a placing of 15 per cent of the equity for £337,500.

Avenue Close to pay more

AS previously indicated, high interest rates have had some effect on Avenue Close during the half year to September 30, 1980 and pre-tax profits are down from £281,673 to £210,606 on turnover of £458,583 against £548,944.

However, the half year saw a rise in rental income and a further increase is seen for the second half. It is still the board's policy to pay only an annual dividend and it is expected that this will be in excess of last year's equivalent 0.9835p.

Earlier this month, the group, which is more than 60 per cent controlled by the directors, told shareholders that discussions were taking place which could lead to an offer.

YEARLINGS DOWN

The interest rate for this week's issue of local authority bonds is 13¾ per cent, down ¼ per cent from last week. The bonds are issued at par and are redeemable on January 27, 1982.

A full list of issues will be published in tomorrow's edition.

More Canadian oils on way to London market

BY ALAN FRIEDMAN

MR. ROBERT LAMOND, the Canadian oil explorer and financier, returned to London yesterday with two new share offers of C$15m each, suggesting once again that the British appetite for speculative North American oil ventures has not yet been sated.

Mr. Lamond, who last August raised C$10.5m in London with the placing of Shackleton Petroleum, yesterday announced that he would soon be launching Appian Resources and Humboldt, each to issue 15m shares at C$1 each plus "warrants" to purchase additional shares in each company at C$1.50 during the next 12 months.

The new companies are to be listed on the Vancouver Stock Exchange and traded in London under the rule for foreign-quoted shares. Humboldt and Appian follow not only Shackleton, but also Hansa Petroleum and Europa, two other companies which recently raised a total of C$30m in London and on the Continent for exploration in Canada and the United States.

Mr. Lamond said that after the placing of Humboldt and Appian, expected to be done in the UK, Canada, West Germany and Switzerland, there would be no further oil exploration issues for the next six months. He said the results from Shackleton were not yet available, but would be released within six weeks.

The drilling by Shackleton of 24 wells in Canada and the U.S. was described by Mr. Lamond as "quite gratifyingly good."

Mr. Lamond's plan calls for Humboldt to feed drilling money into two recently formed operating companies—Ravenna and Laurier Resources. Both are to be managed by Aurora, the Calgary-based company which manages affairs for several of the companies in Mr. Lamond's empire.

Appian is to supply money to Tiber Resources, another operating company.

Laurier is primarily intended for French Canadian stockbrokers and is listed on the Montreal Stock Exchange. Ravenna, which has drilled 30 wells so far, was named after the town in Northern Italy where Mr. Lamond's father was wounded during his service with the Black Watch Regiment in the Second World War.

In addition to the London-traded oil exploration companies there are also plans to raise C$40m through Merrill Lynch Royal Securities in Canada. Mr. Lamond intends to increase the capital of Aurora-Czar Energy Corporation (Aceco) by selling "tax strippable shares" in Canada. Under this arrangement, shareholders could elect to receive drilling reports and use them to report tax write-offs.

Aceco will be formed by combining four Canadian limited partnerships and will be listed on the Toronto Stock Exchange in February.

Mr. Lamond estimates that during the last six years he has raised, through his various companies, around C$300m. He valued the market capitalisation of this group of companies at around C$500m.

Commenting on the Shackleton share price, he said: "I would be the first to say that it's at a ridiculous premium." But he stressed that the London market had not distinguished enough among the various Canadian oil companies and defended his own as being among the most responsible and lowest risk.

Shackleton is currently planning a rights issue for the first half of 1981, which would raise money in London for further exploration in North America. But this will not be formalised until after the release of Shackleton's annual report and reserve evaluation, scheduled for late February or early March.

SECURITIES TRUST OF SCOTLAND

Securities Trust of Scotland is to repay the Y600m loaned by Manufacturers Hanover Trust Company, tomorrow.

In its place, Securities Trust has arranged two loans from the Royal Bank of Scotland of Y500m each for one and two years at interest rates of 9 and 9½ per cent respectively.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
75	39	Airsprung	65	—	6.7	10.3	5.8
40	21	Armitage and Rhodes	40	—	1.4	3.5	18.5
192	92½	Bardon Hill	189	—	9.7	5.1	7.1
87	40	County Cars 10.7% Pf.	40	—	—	—	—
98	88	Deborah Services	96	—	5.5	5.7	4.7
126	88	Frank Horsell	115	−1	6.4	5.6	3.6
110	56	Frederick Parker	56	—	11.0	19.6	2.6
110	74	George Blair	77	—	3.1	4.0	—
110	58	Jackson Group	108	—	6.9	6.3	4.4
124	103	James Burrough	119	—	7.8	6.6	9.7
334	244	Robert Jenkins	334	—	31.3	9.4	—
53	50	Scruttons "A"	53	—	5.3	10.0	3.8
224	216	Torday	217	−1	15.1	7.0	6.7
23	10	Twinlock Ord.	12½	−0½	—	—	—
90	69	Twinlock 15% ULS	77	—	15.0	19.4	—
56	35	Unilock Holdings	36	—	3.0	8.3	5.6
102	81	Walter Alexander	101	—	5.7	5.6	5.6
265	181	W. S. Yeates	254	—	12.1	4.7	4.1

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Share Capital of the Company in the Unlisted Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing.

R. H. Morley Group Limited

(Incorporated under the Companies Acts 1948 to 1976
Registered in England No. 1449218)

SHARE CAPITAL

Authorised		Issued and fully paid
£	in Ordinary Shares	£
500,000	of 10p each	250,000

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (except Saturdays) up to and including 4th February, 1981, from:

Rowe Rudd & Co.,
63 London Wall,
London, EC2M 5UQ
and The Stock Exchange.

Johannesburg Consolidated Investments Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st DECEMBER 1980 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued capital: R10 827 106
(Divided into 5 413 553 shares of R2 each)

OPERATING RESULTS

	Quarter ended 31.12.80	Quarter ended 30.9.80	Year ended 31.12.80
Gold			
Ore milled – tons	1 054 000	1 045 000	4 084 000
Kilograms produced	5 375	5 121	20 817
Yield – grams per ton	5,1	4,9	5,1
Revenue – per ton milled	R80,64	R81,06	R79,56
Working costs – per ton milled	R34,40	R36,04	R34,58
Profit – per ton milled	R46,24	R45,02	R44,98
Uranium			
Tons treated	942 000	1 045 000	3 933 000
Kilograms produced	166 656	167 536	646 452
Yield – kilograms per ton	0,177	0,160	0,164

FINANCIAL RESULTS (R000)

	Quarter ended 31.12.80	Quarter ended 30.9.80	Year ended 31.12.80
Revenue from gold	85 003	84 706	324 923
Working costs	36 262	37 657	141 219
Profit from gold	48 741	47 049	183 704
Profit from uranium	5 931	5 349	22 532
Net sundry revenue	1 086	1 069	3 069
Operating profit	55 758	53 467	209 305
Net interest receivable	1 363	1 281	4 712
Profit before taxation	57 121	54 748	214 017
Taxation and State's share of profits	9 627	16 338	68 585
Profit	47 494	38 410	145 432
Capital expenditure	36 572	22 799	79 279
Dividends declared	35 188	–	58 549

NOTE:
Net sundry revenue includes a realised exchange profit of R306 000 on the Uranium Consumer Loan.

DEVELOPMENT

During the quarter a total of 15 786 metres (14 461 metres) was advanced at the Cooke Section. This included 364 metres (534 metres) of reef development at Cooke No. 2 shaft on the E8 reef horizon. Development of the twin underground haulage systems on 118 and 128 levels, to link Cooke No's 2 and 3 shafts, continued and 3 505 metres (3 299 metres) were advanced during the quarter.

At the Randfontein Section 2 029 metres (2 846 metres) were advanced which included a minor amount of exploratory development on the Upper Monarch horizon of the Bird reef series, in addition to ongoing development on the White reef.

SAMPLING RESULTS: COOKE SECTION

UE1A REEF	Quarter ended 31.12.80 Totals	No. 1 Shaft	No. 2 Shaft	Quarter ended 30.9.80 Totals	No. 1 Shaft	No. 2 Shaft
Sampled – metres	1 989	1 299	690	1 766	1 019	747
Channel width – centimetres	170	163	185	160	143	184
Gold Av. value – grams per ton	8,6	7,9	9,6	10,4	15,5	5,0
– centimetre grams per ton	1 462	1 288	1 813	1 664	2 217	920
Uranium Av. value – kilograms per ton	0,201	0,152	0,281	0,221	0,196	0,248
– centimetre kilograms per ton	34,17	24,78	51,99	35,36	28,03	45,63

E8 REEF – NO. 2 SHAFT
During the quarter 291 metres (501 metres) of reef development were sampled at an average channel width of 247 centimetres (250 centimetres). In-situ sampling grades of 3,7 grams per ton (3,2 grams per ton) for gold and 0,312 kilograms per ton (0,286 kilograms per ton) for uranium were obtained.

RANDFONTEIN SECTION

BIRD REEFS	Quarter ended 31.12.80	30.9.80
Sampled – metres	552	670
Channel width – centimetres	52	67
Gold Av. value – grams per ton	1,8	1,7
– centimetre grams per ton	94	114
Uranium Av. value – kilograms per ton	0,59	0,54
– centimetre kilograms per ton	30,68	36,18

The values shown in the above tabulations are the actual results of sampling development work on reef. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

ORE RESERVES AS AT 31st DECEMBER 1980

	Cooke No. 1 Shaft UE1A Reef 1980	1979	Cooke No. 2 Shaft UE1A Reef 1980	1979	Randfontein Section White Reef 1980	1979
Tons – 000's	3 385	2 620	1 989	1 813	458	1 247
Stope width – cms	181	190	186	186	86	86
Average Value: Gold – grams per ton	12,0	11,1	5,5	5,1	3,7	2,2
– cm. grams per ton	2 172	2 109	1 023	949	318	189
Uranium – kilograms per ton	0,156	0,153	0,310	0,332	0,542	0,450
– cm. kgs per ton	28,24	29,07	57,66	61,75	46,61	38,70

The ore reserves are related to pay limits calculated on the basis of a gold price of R13 600 per kilogram (1979 – R9 960 per kilogram) and certain assumptions as to uranium prices. At current exchange rates the gold price assumed was equivalent to U.S.$550 per ounce (1979 – U.S.$375 per ounce).

At Randfontein Section there are additional underground reserves available in the Upper Monarch (gold and uranium), Leader and West reefs (gold only) and the surface tailings dumps. These will be used to supplement production but have not been included in the ore reserves as reassessment of these has not been completed.

Randfontein Estates continued

COMPARATIVE ORE RESERVES: EFFECT OF VARYING THE GOLD PRICE

Gold price	Cooke Section (UE1A Reef) Tons 000's	Average Value Gold gms. per ton	Uranium kgs. per ton	Randfontein Section (White Reef) Tons 000's	Average Value Gold gms. per ton	Uranium kgs. per ton
U.S.$450/oz	4 702	10,4	0,215	332	4,0	0,576
U.S.$550/oz	5 374	9,6	0,213	458	3,7	0,542
U.S.$650/oz	5 774	9,1	0,211	549	3,5	0,516

SHAFT SINKING

COOKE NO. 2A VENTILATION SHAFT
The sinking headgear was erected and sinking winders and other surface facilities installed.
Sinking reached a depth of 61 metres below collar by the year end. Precementation of the shaft site, by means of four surface boreholes, was also completed.

COOKE NO. 3 SHAFT
The deep pre-sink reached a depth of 260 metres below collar and the permanent concrete lining has been completed to a depth of 245 metres. Pre-cementation of the shaft site, by means of three surface boreholes, was also completed. Civil construction work on the Black hostel, workshops and winder houses is progressing well.

PRODUCTION

On depletion of the surface ore stockpile the Millsite gold plant continued to operate at full capacity on underground ore from the Randfontein Section, augmented by 112 000 tons of material from the old surface tailings dumps. The Millsite uranium plant is now only processing underground ore from the Randfontein Section.

Operations at the gold section of the Cooke Plant improved significantly and are now approaching optimum levels of efficiency, having regard to the mineralogical characteristics of the ore being treated. The improved plant efficiencies contributed to the increased average recovery grade for the quarter.

Improved recovery efficiencies at both uranium plants have largely offset the anticipated drop in production due to lower throughput.

INDUSTRY TUNNELLING RECORD

On 12th level which is planned to link Cooke No's 2 and 3 shafts, the mine achieved a record advance of 1101 metres for the 31 day period ended 17th January, 1981. This again constitutes an industry record for twin-haulage tunnelling, an improvement of some 123 metres on that established by the same team in October 1980.

DIVIDENDS

Dividend No. 91 of 650 cents per share was declared on 22nd December, 1980 payable to members registered at the close of business on Friday, 23rd January, 1981. Dividend warrants will be posted to shareholders on 5th March, 1981.

CAPITAL EXPENDITURE

The rate of capital expenditure was accelerated by good progress on the Cooke No. 3 shaft project and advantage was taken of favourable terms offered to expedite certain long delivery items of capital equipment. This contributed to the significant increase in net expenditure on mining assets during the quarter which amounted to R36 014 000. Acquisitions of other assets amounted to R558 000 bringing the cumulative net expenditure on capital account as at 31st December, 1980 to R386 286 000. At 31st December, 1980 capital commitments amounted to R16 462 000.

For and on behalf of the Board
P. A. VON WIELLIGH
G. Y. NISBET *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Issued capital: R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.80	Quarter ended 30.9.80	Year ended 31.12.80
Gold			
Ore milled – tons	1 092 000	1 093 000	4 320 000
Kilograms produced	4 818	4 918	19 554
Yield – grams per ton	4,4	4,5	4,5
Revenue – per ton milled	R68,37	R74,19	R70,50
Working costs – per ton milled	R38,91	R38,05	R36,10
Profit – per ton milled	R29,46	R36,14	R34,40

FINANCIAL RESULTS (R000)

	Quarter ended 31.12.80	Quarter ended 30.9.80	Year ended 31.12.80
Revenue from gold	74 660	81 093	304 593
Working costs	42 488	41 585	155 969
Profit from gold	32 172	39 508	148 624
Net sundry revenue	1 748	989	4 007
Operating profit	33 920	40 497	152 631
Net interest receivable	1 292	1 273	4 368
Profit before taxation	35 212	41 770	156 999
Taxation and State's share of profits	(269)	15 700	53 336
Profit	35 481	26 070	103 663
Capital expenditure	30 709	12 662	55 131
Dividends declared	32 245	—	45 368

NOTE:
Net sundry revenue includes R1 070 000 received and accrued in respect of certain outstanding insurance claims.

DEVELOPMENT

A total of 10 519 metres (11 275 metres) was advanced during the quarter. Included in the above total is Middle Elsburg development amounting to 1 229 metres (1 843 metres).

SAMPLING RESULTS:

VENTERSDORP CONTACT REEF AND UPPER ELSBURG REEFS

Gold	31.12.80 Total All Reefs	Ventersdorp Contact Reef	Elsburg Massive Reefs	Elsburg Individual Reefs	30.9.80 Total All Reefs	Ventersdorp Contact Reef	Elsburg Massive Reefs	Elsburg Individual Reefs
Sampled – metres	672	87	240	345	1 380	171	504	705
Channel width – centimetres	163	51	181	179	174	107	188	181
Av. value – grams per ton	7,0	25,3	6,8	5,8	5,7	11,4	5,6	4,9
– centimetre grams per ton	1 141	1 290	1 231	1 038	992	1 220	1 053	887

Western Areas continued

MIDDLE ELSBURG REEFS

	Quarter ended 31.12.80	30.9.80
Sampled – metres	201	471
Channel width – centimetres	139	136
Gold Av. value – grams per ton	2,6	2,8
– centimetre grams per ton	361	381
Uranium Av. value – kilograms per ton	0,72	0,77
– centimetre kilograms per ton	100,08	104,72

The values shown in the above tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

Exploratory drilling from underground to ascertain the potential and extent of the in-situ reserves of the Middle Elsburg reef series continued during the quarter. Values obtained on the E8EC reef horizon were again positive and well up to expectations.

ORE RESERVES AS AT 31st DECEMBER 1980

VENTERSDORP CONTACT REEF, UPPER ELSBURG AND MIDDLE ELSBURG REEFS	1980	1979
Tons – 000's	11 561	11 767
Stope width – cms.	198	195
Average Value: Gold – grams per ton	5,6	6,4
– cm. grams per ton	1 109	1 248

The ore reserves are related to a pay limit calculated on the basis of a gold price of R13 600 per kilogram (1979 – R9 960 per kilogram) and certain assumptions as to uranium prices. At current exchange rates the gold price assumed was equivalent to U.S.$550 per ounce (1979 – U.S.$375 per ounce).

COMPARATIVE ORE RESERVES: EFFECT OF VARYING THE GOLD PRICE

Gold price	Ventersdorp Contact Reef Upper Elsburg and Middle Elsburg Reefs Tons 000's	Average value g.t.
U.S. $450/oz	9 600	6,0
U.S. $550/oz	11 561	5,6
U.S. $650/oz	12 800	5,4

SUB-VERTICAL SHAFT SINKING

The SV3 shaft has been sunk to 255 metres below the collar and 235 metres of concrete lining have been completed. At the SV4E shaft equipping and lining continues and the permanent winder foundations have been completed.

GOLD AND URANIUM TREATMENT PLANTS

At the North Plant commissioning of the carbon-in-pulp section has commenced. Construction of the uranium plant is proceeding on schedule.

URANIUM SALES CONTRACT

The third and final R10 million tranche of the R30 million interest-free loan, raised to assist in the financing of the company's uranium recovery plant and the establishment of underground mining facilities, was received on 2nd January, 1981.

DIVIDENDS

Dividend No. 31 of 60 cents per unit of stock was declared on 22nd December, 1980 payable to members registered at the close of business on Friday, 23rd January, 1981. Dividend warrants will be posted to stockholders on 5th March, 1981.

CAPITAL EXPENDITURE

Activity on major capital works increased and advantage was taken of favourable terms offered to expedite certain long delivery items resulting in net expenditure on mining assets during the quarter amounting to R30 048 000. Expenditure on other assets amounted to R661 000 bringing the cumulative net expenditure on capital account at 31st December, 1980 to R344 590 000. Capital commitments at that date amounted to R6 350 000.

For and on behalf of the Board
P. A. VON WIELLIGH
G. Y. NISBET *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Issued capital: R30 203 000
(Divided into 30 203 000 units of stock of R1 each)

RESULTS FOR THE QUARTER ENDED 31st DECEMBER 1980:

Stockholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

	Quarter ended 31.12.80	Quarter ended 30.9.80	Year ended 31.12.80
DIVIDENDS DECLARED (R000)	R15 705	Nil	R23 558

For and on behalf of the Board
P. A. VON WIELLIGH
G. Y. NISBET *Directors*

20th January, 1981

Johannesburg Consolidated Investment Company, Limited
Consolidated Building, Fox and Harrison Streets
Johannesburg 2001
P.O. Box 590, Johannesburg 2000

Copies of the above reports are obtainable from the London Secretaries:
Barnato Brothers Limited,
99 Bishopsgate London EC2M 3XE.

MINING NEWS

'Johnnies' and Anglo-Vaal spring some surprises

BY KENNETH MARSTON, MINING EDITOR

SOME pleasant surprises come with the latest batch of December quarterly profits from the South African gold and base metal mines.

Despite a lower average gold price received, the **Johannesburg Consolidated** group's **Randfontein** and **Western Areas** mines have lifted their latest quarterly net profits thanks to a sharp fall in tax charges as a result of accelerated capital expenditure; a similar outcome was reported yesterday in the cases of **Durban Deep** and **East Rand Proprietary Mines**.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Randfontein	47,494	38,410	30,955
Western Areas	35,481	26,070	17,177

In the **Anglo-Transvaal Consolidated** group the antimony-gold producing **Consolidated Murchison** has fared far better than had been expected in the light of the depressed market for antimony.

Murchison comes out with a much reduced loss for the period of R883,000 (£490,000) which compares with a net loss of R1,002,000 in the previous three months, the latter being after a tax credit of R1,144,000.

The company has benefited from an unusually high head grade which has resulted in higher production of concentrates and consequently lower costs. But the main reason for the better financial outcome has been increased sales.

It can only be presumed that the company has made an extra shipment in the quarter: the latest quarterly report, which is supposed to give the fullest possible information to shareholders, merely states, as usual, that shipments vary from quarter to quarter.

In the case of the group's **Prieska** copper-zinc mine there was only one export shipment of concentrates in the December quarter compared with two in the September quarter and production was also lower. But profits in the December quarter have more than doubled because the previous quarter's earnings suffered from abnormally high costs of concentrates previously *stockpiled* and then exported.

Of the gold mines in the Anglo-Vaal group the story is one of lower profits reflecting a reduced gold price received and higher costs, particularly in the case of the marginal grade **Loraine**.

The following table of net profits includes that of the veteran *Village Main Reef* which has returned to life as a sands dumps retreatment operation.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Hartebeestfontein	35,359	39,667	36,295
Loraine	2,732	5,631	2,934
Cons. Murchison	†883	†1,002	2,059
Prieska	3,959	1,655	1,473
East Transvaal	2,560	2,640	3,085
Village Main	341	251	—

† Loss.

Geevor men reject work plan

MEN AT the **Geevor** tin mine near Land's End in Cornwall have rejected a management proposal that they should work six days a week instead of the present five with the extra pay being withheld until such time as the company is again in profit.

Because of low tin prices the mine lost £147,000 in the six months to September 30 and omitted its interim dividend.

The "work now, get paid later" plan was put to the men after the mine's managing director, Mr. Kenneth Gilbert, put up a notice warning that their future was in doubt.

The Transport and General Workers Union district secretary for West Cornwall, Mr. John Foster, said: "There was some support fort he idea until just what it meant sunk in."

Discussions between union representatives and the management are to continue in an attempt to cut down the losses now being sustained, although at a meeting on December 22 of the two sides the management said that no redundancies among the permanent employees were being considered.

Meanwhile, in mid-Cornwall, the **Shell** subsidiary **Billiton (UK)** is planning a prospecting programme at Luxulyan, close to an area where **Consolidated** *Gold Fields previously drilled* with results which that company did not consider gave promise of commercial success.

Yesterday Cornwall County Council's planning committee *deferred a decision on an application* by Billiton for approval of their drilling programme pending a visit to the site by committee members.

Hampton Trust rights issue

The UK-registered **Hampton Trust** is proposing to raise approximately £830,000 by way of a rights issue of one new share for every eight held at a price of 45p. The existing shares were 62p yesterday.

The new funds are needed for the future development of existing interests and particularly to enable the company to negotiate further exploration opportunities relating to its activities in Australia and the UK.

Hampton has a number of property interests in the UK and various mining and oil and gas prospects in Western Australia.

In January the company announced a joint venture at Location 50 near Kalgoorlie in *Western Australia to explore for* gold, as well as other minerals.

Partners in the joint venture are **Newmont Mining**, with 60 per cent, and **Hampton Gold Mining Areas**, with 25 per cent. Hampton Trust holds the remaining 15 per cent.

Hampton Trust's other main interest in Australia is a 3.5 per cent interest in licence area EP 100 in the onshore Perth Basin of Western Australia.

EP 100 contains the Woodada gas field discovered last May by **Strata Oil** and **Hughes and Hughes** of Texas. The first two wells drilled on the structure struck natural gas which flowed in excess of 32m cubic feet of gas a day at each well.

Results from the third well are expected any day now and stock market rumours have indicated the possibility of an oil discovery.

Taiwan to buy Australian coking coal

TAIWAN'S China Steel has signed a contract worth $160m (£67m) to buy coking coal from the Capricorn coal development joint venture in Central Queensland, Australia.

China Steel is to take 320,000 tonnes of coking coal a year for ten years and has an option to extend the contract for a further five years.

Coal will be supplied from the joint venture's German Creek project which is scheduled for a commercial start-up in early 1982.

The joint venture partners are **Austen and Butta**, 25.2 per cent, **Shell of Australia** (which has a controlling interest in Austen and Butta) 25.8 per cent, Britain's National Coal Board, 16.6 per cent, the West German **Ruhrkohle**, 16.6 per cent, and **Commercial Union Assurance** group, 2.2 per cent.

Shell holds another 13 per cent to be taken up by Australian investors to boost local equity in the project.

PSIT Property Security Investment Trust Limited

Interim Report

- Increased interim dividend
- Profit up before dealing and extraordinary items
- Net property income up by 12.5%
- The directors anticipate a final dividend of 1.3p per share on capital as increased by the 1 for 4 scrip issue on 26th September 1980.

	6 months to 30-9-80 (unaudited)	6 months to 30-9-79 (unaudited)	Year to 31-3-80
	£000's	£000's	£000's
Gross rental income	2,335	2,131	4,302
Net property and investment income after administration expenses	2,037	1,811	3,598
Interest	1,861	1,650	3,539
Profit/(loss) before dealing and extraordinary items	258	236	(56)
Dividend: preference	49	49	97
ordinary	143	114	411
Per ordinary share (adjusted for scrip issue)	0.5p	0.4p	1.44p

Hickson & Welch (HOLDINGS) LIMITED

HICKSON

CHEMICAL MANUFACTURERS AND TIMBER PRESERVERS

Extracts from the Report and Accounts for 1980

Year ended 30th September	1980	1979
	£000	£000
Turnover	93,296	85,527
Exports sales of the U.K. companies	28,600	30,200
Group profit before tax	6,475	8,064
Earnings for ordinary shareholders	3,242	7,621
Total ordinary dividend	1,450	1,450
Earnings—pence per share	17	39
Investment in new capital expenditure	4,236	5,542

- Profits from chemical operations significantly reduced with trading in the six months to 30th September, 1980 particularly difficult.
- Main adverse factors affecting the chemical side were higher energy and raw material costs than those of international competitors, high interest rates and especially the effect of the strong pound on export margins.
- Profits from timber preservation activities improved in the year with the overseas subsidiaries providing satisfactory results.
- Capital expenditure concentrated on completion of existing projects and expenditure directed towards improved efficiency.
- Future prospects should see some improvement in timber preservation and building materials, but conditions affecting the chemical side are expected to remain difficult in 1980/81.
- Recommended final dividend 5p per share for 1980/81 making total 7.5p for the year—the same as last year.

CASTLEFORD ● [illegible]

BIDS AND DEALS

● GEORGIA-PACIFIC OFFER FOR INVERESK

A strong suitor to the rescue

BY ANDREW FISHER

AFTER A year in which the UK recession, rising costs and sterling's strength have squeezed the paper industry almost unbearably, **Inveresk Group** has signalled its readiness to fall gratefully into the arms of a strong and rich suitor from America's West Coast.

For **Georgia-Pacific Corporation**, itself not immune to the chill economic winds of 1980, the sum of just over £7m which is has bid for Inveresk represents *only a tiny part of its total* spending plans under its present five-year plan.

The board of Inveresk, which has been through a harrowing year with heavy trading losses and redundancy and plant closure costs, sees no option but to recommend the bid of 35p cash a share to its shareholders.

The two companies have had a trading relationship for some time. Back in 1969, Georgia-Pacific bought Inveresk's stake in the Port Hudson pulp mill in Louisiana; since then, the U.S. group has supplied Inveresk with pulp.

Georgia-Pacific is many times larger than Inveresk, with total 1979 sales of $5.21bn (£2.2bn) against the UK company's £85m. When its five-year plan ends next December, it will have spent around $2.75bn (£1.1bn) on acquisitions, new plant, equipment and materials.

Throughout the U.S., Canada, the Philippines, Indonesia and Brazil, Georgia-Pacific operates around 220 manufacturing and 165 distribution facilities. It owns or controls more than 7m acres of timberland, mainly in the U.S.

In addition, it is exploring for and developing gas and oil reserves in the states of Texas, Mississippi, Louisiana, and Alabama. Its major products include plywood, lumber, hardboard, logs, gypsum, pulp, paper and paperboard. Georgia-Pacific also makes chemicals.

Georgia-Pacific Corporation, the major U.S. forest products group, yesterday revealed itself as the bidder for Inveresk Group with an agreed cash offer worth £7.1m.

Inveresek, a prominent UK manufacturer of fine paper and the tenth largest papermaker overall in the country, said last Friday it was having talks which could lead to a bid.

***The U.S. company, based in* Oregon on the West Coast, is offering 35p a share for the ordinary units — par value is 50p — which is slightly below Friday's price after a jump of 11½p on the announcement of talks.**

Georgia-Pacific's bid comes after a traumatic year for Inveresk, which was heavily in the red in the first half and even more so in the second.

One precondition to Georgia-Pacific's bid is that Inveresk's estimate of its total loss for 1980, to be included in the offer document, is not above £7m before tax, minorities and preferenc edividends, but after extraordinary items.

In the first half, Inveresk incurred a pre-tax loss of £1.6m *and passed its interim* dividend. The loss included £823,000 in redundancy and plant closure costs.

Apart from its ordinary share offer, Georgia-Pacific is prepared to pay 60p cash for Inveresk's 4.2 per cent first preference stock units of £1, and 15p for the second preference units of 25p.

Despite this spread, the U.S. company found the going tougher than usual last year. After nine months, net income was down by more than 30 per cent to $179m. Today's preliminary figures for the full year will show a 25 per cent drop overall.

One major drag on operations during 1980 was the adverse impact of higher interest rates on mortgage finance and the housing industry. New residential building accounts for over a fifth of its business, with renovations and commercial and industrial construction making up a further third or so.

Georgia-Pacific's capital spending also took a dip last year as a result of the rise in interest rates, totalling around $585m against $815m, according to Mr. Harry J. Kane, executive vice-president for finance.

If Georgia-Pacific does win through with its bid for Inveresk, the transaction will represent the U.S. group's first manufacturing involvement in Europe, although its products are widely sold this side of the Atlantic.

In U.S. industry, Georgia-Pacific—slightly smaller in profit terms than rival Weyerhaeuser but large in sales—has a reputation for skilful management.

It aims to turn Inveresk round and develop its activities, while maintaining its identity and management structure, headed by Mr. Thomas Corrigan, the chairman of the UK company. In view of Inveresk's well-publicised difficulties, the task will be an awesome one.

Inveresk, for which the ill-fated London and County Securities made a £7.8m bid in 1973 only to retreat when the Monopolies Commission was asked to take a look, has seen its profits topple from £4.7m before tax in 1974 to only £526,000 in 1979, with progress very uneven along the way.

It lost nearly £1.6m in the first six months of 1980, half of which was due to plant closure and redundancy costs, and has performed even worse in the second half. Yesterday, Inveresk said its operating and extraordinary losses in the final half were "substantially greater" than in the first.

Write-offs as the company *closed more* plant, redundancy expenses, continuing poor results from the new Carrongrove mill in Scotland, and high interest charges were all responsible.

Exactly why Georgia-Pacific should want to take on Inveresk's problems has yet to become clear. Although only the tenth largest papermaker in Britain, Inveresk is one of the country's largest fine paper manufacturers. Among its chief customers are the printing and packaging industries, both heavily battered by recession.

Inveresk's activities span paper, board, packaging and stationery products, commercial office supplies and printers' supplies. Import competition from the U.S. and Europe has eroded Inveresk's market shares in these sectors.

One of Inveresk's major assets is its Northfleet industrial estate near Gravesend in Kent, worth around £7.4m. This, as Swiss-based financier Mr. Edward Nassar points out — he owns nearly 14 per cent of Inveresk—is more than Georgia-Pacific is bidding for the whole company. "It is a ridiculously low price," he commented yesterday.

But Inveresk's advisers, S. G. Warburg, believe the offer should be accepted. Georgia-Pacific, advised by Hill Samuel, also believes its bid is fair. As an indication of the severity of the problems, the U.S. group has laid down as a precondition to its bid that Inveresk's estimate of its full 1980 loss—to be included in the formal offer document — should not exceed £7m before tax but after redundancy and closure costs.

Saudis now have 29.9% of Evered

THE TUSSLE for a foothold in Evered and Company took a further turn yesterday with the Saudi Arabian investors in the loss making *West Midlands* metal group lifting their stake from 24.7 per cent to 29.95 per cent—just below the level at which a bid becomes mandatory under the City take-over code.

The board of Evered has already recommended a 22p a share cash offer for the ordinary shares from Francis Industries, the industrial engineering and holding group. But at the same time, the company said that the proposed offer "does not fully reflect the asset value or long-term prospects of the company."

Zahid Industries and associates and Mohamed *Mahmoud* (Panama) purchased their further shares on Monday at 25p each. Yesterday the Evered shares closed ½p lower at 24p.

In recommending 22p per share, the Evered board said that attempts to find other bidders had proved inconclusive. Last week Francis increased the offer for the preference shares from 40p to 45p per share.

Apart from the Saudi holdings, the directors have a 12 per cent stake in the company, Astra Industrial 13.2 per cent and institutions a further 20.7 per cent.

Stag Line may get rival bid

SHARES in Stag Line, the North Shields shipping group, jumped 20p to 395p yesterday on news of a possible rival bid for the company.

Hunting Gibson, with interests *in ship owning and management* and shi pand air broking, last week announced an offer of 355p for the ordinary shares, which Ropner Holdings the largest shareholder immediately accepted in respect of its 29.9 per cent stake.

The Stag board, which controls some 29 per cent of the capital, announced yesterday that it was "aware of the possibility of another offer." Meanwhile they recommended shareholders to take no action with regard their holdings.

BOWATER SELLS TILE WORKS

Bowater Building Products has sold the brick and clay roofing tile works of Crossley Building Products at Broomfleet, North Humberside, to Goxhill Tileries, Barrow-upon-Humber.

Crossley will continue to supply tiles made at the works.

Kangra Int. increases stake in Renwick

Kangra International, the Hong Kong-based company, has stepped up its holding in the Renwick Group to 27.51 per cent *following its purchase on Monday* of 476,450 ordinary shares (4.99 per cent). The acquisition of more shares by Kangra came on the first day available under the Takeover Panel's rules on substantial acquisitions.

The effect of the Kangra purchase is to increase to more than 50 per cent the combined holdings of Kangra and clients of the Uto Bank of Zurich, both represented by London stockbrokers A. J. Bekhor. But the Takeover Panel has been assured that these interests are separate and do not constitute a concert party.

Stockbrokers A. J. Bekhor said they had no comment on their client's purchase.

'NO PROBE' FOR CLARK'S BID

C. and J. Clark's offer for K Shoes will not be referred to the Monopolies and Mergers Commission. Following the "no probe" announcement, the offer is now unconditional in all respects.

Acceptances have been received in respect of 61.3 per cent of the new ordinary shares and deferred ordinary, and for 94.4 per cent of the preferred shares. The offer remains open until further notice.

Interim rise for Group Investors

After tax up from £51,136 to £77,964, revenue of Group Investors, investment trust concern, finished the six months to December 31, 1980, just ahead at £122,595 compared with £119,617.

Earnings per 25p share are shown as 1.77p (1.72p) and the interim dividend is 1.1p (1p) net—last year's final payment was 1.8p.

Gross revenue amounted to £276,595 compared with £278,741 previously which included £38,574 special dividend paid by Shell Transport and Trading.

Net asset value is given as 124.8p, against 109p, as at December 31.

Domtar surprised at Alcolac acceptance of Tunnel Hldgs.

THE ANNOUNCEMENT on Monday of plans by **Tunnel Holdings**, the cement and chemicals group, to purchase a U.S. speciality chemicals company, **Alcolac**, for $23.7m (£9.9m), appears to have surprised **Domtar**, the Canadian paper and chemicals company which itself *intended to purchase Alcolac*.

Mr. Bill Davidson, president of Domtar's chemicals division in Montreal, said yesterday that his company had signed a "letter of intent" with Alcolac last month and was in the process of sending out a formal offer to purchase.

Domtar received a telex on Monday from Mrs. Marie Louise Blainoff, the chairman and chief executive of Alcolac, stating that the company would be sold to Tunnel Holdings instead.

Mr. Davidson said this surprised his company and that it had requested formal notification before deciding what action, if any, to take.

At Tunnel in London, Mr. Basil Mawdsley, finance director, said he had been assured by the *Blainoff family (which holds* with trusts 50.24 per cent) that the letter of intent with Domtar was not binding.

"The essential difference between our offer and Domtar's is that we have extended the offer of $17 per share to all Alcolac shareholders and not just the family," said Mr. Mawdsley.

Mr. Charles Anderson, president of Alcolac in Baltimore, confirmed that the Tunnel offer was comprehensive and said the board had recommended it to all shareholders. He said a meeting would be convened in March to approve the deal.

Shares in Alcolac, traded on the American Stock Exchange, rose from around $12 before the Tunnel offer, to around $16 yesterday.

Mr. Anderson attributed the confusion over Domtar's letter of intent to the fact that Mrs. Blainoff, the major shareholder, had been acting on her own behalf and not on behalf of Alcolac when she signed the document. He stressed that the letter was not binding and the deal with Tunnel would go ahead.

SHARE STAKES

Hambros Investment Trust—Kuwait Investment Office has acquired 90,000 shares, making its holding 1.88m (7.05 per cent).

***Scottish Ontario Investment* Co.**—Kuwait Investment Office has acquired 125,000 ordinary shares and now holds 3,805,000 (13.8 per cent).

London Prudential Investment Trust—Sun Life Assurance Society has acquired a further 35,000 ordinary shares and now holds 545,000 (9.1 per cent).

Airflow Streamlines—Temple Bar Investment Trust is no longer interested in 500,000 shares (7.86 per cent).

Sterling Credit Group—The ITC Pension Trust, jointly with ITC Pension Investments, have sold 442,500 "A" ordinary shares, reducing their holding to 1,500,000 "A" ordinary shares, which represents 4 per cent of the issued "A" ordinary share capital of company and 3.17 per cent of the total equity.

Rugby Portland in U.S. venture

RUGBY PORTLAND CEMENT *has purchased one-third of the* capital of U.S. Cement Inc. for about $5.1m slightly more than £2.1m. U.S. Cement was formed recently by IFI International to acquire the entire share capital *of the Hercules Cement* Company.

IFI International, whose main shareholders are the Agnelli and Nasi families, will keep 46.7 per cent of U.S. Cement. The *remaining 20 per cent is being* taken up by the Italian cement group Unicem.

The Hercules Cement Com*pany is a single plant operation* located in Eastern Pennsylvania. The plant is a modern fuel efficient dry-process works, fired entirely by coal, which has capacity of 750,000 tons per annum. *The acquisition price of* $20 per ton of capacity compares with the $200 probable cost of developing an American green-field site.

Hercules is stated to be operating profitably, but Rugby does not expect to see substantial profits before 1983. At *present there is overcapacity in* the U.S. cement industry, but the retirement of older wet-process, oil-fired plant is thought to be inevitable over the next two to three years.

Rugby is already associated with Unicem in a Luxembourg company, CFRD, but this is its first joint venture with IFINT. It is also Rugby's first foray into *the U.S. It is understood* that further projects are being considered.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
SEARC	$15	—	—	5	2	—	—	$15⅜
		April		July		Oct.		
ABN C	F.280	5	10.30	—	—	—	—	F.275
ABN C	F.300	7	4	7	6	—	—	"
ABN C	F.320	—	—	3	2.50	—	—	"
AKZO C	F.17,50	15	1B	8	1.40	—	—	F.17
AKZO C	F.20	64	0.50	—	—	3	1.30	"
AKZO C	F.22,50	157	0.20	78	0.50	—	—	"
AKZO P	F.17,50	8	1.40	3	1.60B	—	—	"
AKZO P	F.20	35	3.10	—	—	—	—	"
AKZO P	F.22,50	25	5.60	—	—	—	—	"
AMRO C	F.60	12	1.60	—	—	—	—	F.57.50
AMRO C	F.65	25	0.30	5	1	—	—	"
AMRO C	F.70	—	—	20	0.60	—	—	"
HEIN C	F.50	—	—	1	6.80	—	—	F.53.
HEIN C	F.55	36	1.80	6	3	1	5	"
HEIN P	F.55	7	3B	3	4	—	—	"
HEIN P	F.65	1	12.30	—	—	—	—	"
HOOG C	F.12.50	—	—	—	—	1	3.50	F.14.40
IBM C	$60	6	9⅛	—	—	—	—	$66⅞
IBM C	$65	10	5½	2	8	—	—	"
IBM C	$70	6	2⅝	—	—	—	—	"
IBM C	$75	6	1⅛	—	—	—	—	"
IBM P	$65	2	2¼	—	—	—	—	"
KLM C	F.60	6	3.60	9	5A	—	—	F.59
KLM C	F.70	3	1	25	2.50	—	—	"
KLM P	F.55	2	1.40	—	—	—	—	"
KLM P	F.60	20	3.90	—	—	—	—	"
KLM P	F.70	6	13	1	15	—	—	"
NATN C	F.120	3	3.90A	—	—	1	7.50 B	F.120.50
NATN P	F.115	1	0.80	—	—	—	—	"
NATN P	F.120	7	1.50	—	—	—	—	"
PHIL C	F.15	42	1.30	82	1.70	6	2.10	F.15.60
PHIL C	F.17,50	16	0.40	139	0.80	23	1.10	"
PHIL C	F.20	5	0.20	20	0.40	—	—	"
PHIL P	F.15	10	0.40	5	0.80	2	1	"
PHIL P	F.17,50	10	2	—	—	—	—	"
POLA C	$25	2	2	6	3	—	—	$23⅞
OLIE C	F.200	44	17.70	—	—	5	25.50	F.210
OLIE C	F.220	117	8.20	23	10.90	21	14	"
OLIE C	F.240	74	3.20	17	5.40	—	—	"
OLIE P	F.180	12	0.70	—	—	—	—	"
OLIE P	F.190	62	1.80	1	4.50	—	—	"
OLIE P	F.200	62	5	—	—	11	12.50	"
OLIE P	F.220	31	15	—	—	4	25	"
OLIE P	F.240	6	31.20	—	—	—	—	"
UNIL C	F.130	35	3.10	32	4.50	1	5.20	F.127
UNIL P	F.130	15	5.20	—	—	—	—	"
XERO C	$60	17	3	—	—	—	—	$57¾
		Feb.		May		Aug.		
BOEI C	$35	—	—	2	9½	—	—	$42¼
BOEI C	$40	1	3⅛	1	5¼	—	—	"
BOEI C	$45	16	¾	10	2⅝	—	—	"
OCCI C	$35	10	⅞	—	—	—	—	$33¼
SLUM C	$110	1	9½	—	—	—	—	$114¾
SLUM C	$120	4	3¼	—	—	—	—	"
SLY C	$100	2	17½	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 1660

A=Asked B=Bid C=Call P=Put

Winding-up orders against 151 companies

COMPULSORY winding-up orders against 151 companies *were made by Mr. Justice Nourse* in the High Court. They were:

L'Argene, CWM Construction, Andair International, Learee Construction Company, Surlbars, KJS (Freight), J. Arrow Shellfish.

Western Welsh International System Buildings, Tizer Securities, Warren Cigarette Vending, Sedwrix, Southern Teamwork, East Anglia Scaffolding, Carkgrade, A. J. Conner.

Rokeville, Ellerhurst, Nightingale and Kirk, G. C. Bell (Engineering), Cuisine A'Deux (Durham), A. G. Jeffery and *Sons, Windmore Hall.*

Trailer Hitch (UK), Akay Builders, Paintstrip (London), Liamacs Freight, Butchers Bistro Bar, Axe Music (Right), Burr Design Services.

La Goulue, Extruda, Tunnel Furnishers, Jubilee Sound Systems, Kestral Warehousing (Converters), Mike Nash Motors.

Jaffa-King, Impex Machine *Tools, John Lewis Coaches*. The Martin Luther King Memorial Fund, Editech Engineering.

D. A. J. Lane and Partners, Hazecroft, Binstead Cars Chartaturn, Poly-Roll Plastics, Indexplat, Riva Electronics (UK).

Ancoshire, Coleclass, P. M. Mandell Contractors, Charnstone, Multisteel (Barton) [illegible] Associates, Exeress[illegible]

V. Ross Electrical Contracts, Lindon (Frozen Foods), Novadell, Camden Playhouse Productions, Pebble Music.

Valroy Engineering, Mayne Crotty (Heating), Shingleton Shopfitters and Builders, Paraport Valve and Engineering Company, Triad Contractors, Garland Choice.

Harvest Hill Securities, The Irish Linen Company (Sidmouth), Printower Construction, Barber Switchgear Company, Maniquip Engineering, Robert Lyon, Interworld Registrars.

Bishops Records, Artcare, Imceo UK, Northsaxon, Opax (Reading), Sitedene, Monarch Heating Installations.

Macleod Ross and Harmony, Secondhand Parts and Rally Equipment Specialists, Phampton Design Services, Queensgate Decorative Services, Ibarest, Padgbury Motors.

Broadreach, Hale Anglo European Industries, H. C. Bowen, The Conowelding Company, Overstone Estates.

Burscough Autospray Company, Torridge Electrical Appliance Manufacturers, Quinn Bros. (Pipework), Avenue Park Properties, Bronsave, Andrew Bateman, Romiley Exports.

Vestaland Builders, Weycode, Topaz Dresses, Tudor Advertis*ing and Promotions, A. Bywater*, Gradvale Engineering, Jon Roseman Productions International.

Windmill Service Station (Four Marks), Hurnguard, Librafayre, Wheelgable, D. A. Barber Management.

West Midlands Office Equipment, Sargom Distributors (Fire Prevention), Lakedale Travel, Glintalong, SOS Personal Security Products, D. H. Charnley (Cladding).

Matridarl, Sirocco Textiles, Cheetah Car Hire, Dis-mat (Handling Equipment), Morgan Rix, *Keltron Electronics, Mortafix.*

Andrew Alan (Suspended Ceilings), Robert Lyon Developments, Newhouse-Schaman, J. H. Martin (Haulage), The Boston Burger, Bromgold, Valcon Furniture.

Clarionfine, Duke and Dudley, Rhetoric, Temperance Estates, A. C. M. Wilkes, Alderleigh Builders.

*Firswood Construction Com*pany, Inndovale, R. W. Foley and Sons, Winchcross, Downs Development Chemicals.

R. E. Pratt and Co., Luxivend, Contact Investigations, Camaraderie, Morix Transport, Specialised Handbook Services.

Transcreen, Aptminster, Peter Bell-Nevin Plasterers, Wheeldon [illegible] Gibson and Co.

Underwriters National

A PETITION for the compulsory winding up of **Underwriters National Assurance Company**, an American insurance company which offered "excessive" no claims bonuses, was adjourned until May 11, in the High Court.

Mr. David Richards, for the Policyholders Protection Board, told Mr. Justice Nourse that the board was awaiting an actuaries' report which would enable it to consider whether some or all the policies conferred "excessive" benefits.

The petition was presented by [illegible] of State for Trade under powers created by the 1967 Companies Act.

Mr. Philip Heslop, for the Secretary of State, said the company, which was incorporated in Indiana, had about 900 policyholders in this country.

Under its proposals, some of its policyholders were entitled to a return of up to 80 per cent of their premiums if they made no claims within a 10-year period.

Counsel said that the PHPB could not promote a scheme for the benefit of policyholders until a final report had been obtained from the actuaries.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Application has been made for Grant of Permission to deal in the *Unlisted Securities Market* on The Stock Exchange in the Ordinary Shares. It is emphasised that no Application has been made for this Security to be admitted to Listing.

PARKFIELD FOUNDRIES LIMITED

Registered in England—Company Number 681440

Share Capital

Authorised		Issued and to be issued Fully Paid
£		£
150,000	in 3,000,000 Ordinary Shares of 5p each.	150,000

Particulars regarding Parkfield Foundries Limited are available in the Extel Unlisted Securities Market Service. Copies of such particulars may be obtained until 6th February, 1981 from:—

MURRAY & COMPANY

P.O. Box 187, Beaufort House, 94/96, Newhall Street, Birmingham B3 1PE

Portland House, 22, Newport Road, Cardiff CF2 1TB

Austin Friars House, 2/6, Austin Friars, London EC2N 2EE

INTERNATIONAL COMPANIES and FINANCE

Final-quarter downturn hits earnings at Alcoa

BY IAN HARGREAVES IN NEW YORK

ALUMINUM Company of America (Alcoa) yesterday reported lower earnings for both the final quarter and all of 1980, but the board said it expected the aluminium market to improve this year.

Alcoa, the leading U.S. producer, earned $103m on sales of $1.29bn in the final quarter, compared with net profits of $135m on sales of $1.22bn in the previous year.

For the whole year, Alcoa earned $470m, down from $505m. Sales were up from $4.8bn to $5.1bn.

Mr. W. H. Krome George, the company's chairman, said the year had been a good one in the aerospace and primary ingot markets and that Alcoa was better positioned in these high technology and recession-resistant sectors than in previous economic downturns.

Fourth quarter earnings were cut by a $25.1m loss by Alcoa of Great Britain, a figure which included the $11.1m cost of closing part of the company's Swansea operation. For all 1980, Alcoa's loss in the UK was $56.2m.

Alcoa's worldwide shipments of aluminium products totalled 1.83m tons in 1980, down slightly from the previous year's 1.89m tons.

But for 1981, Mr. Krome George is forecasting a 4 per cent rise in industry shipments, with most of the growth occurring in the second half of the year.

Alcoa is also stepping up its capital spending from $638m last year to $775m this year. This was the reason behind a recently launched $150m debenture issue.

MGM Grand hurt by hotel fire

By Our Financial Staff

EARNINGS AT MGM Grand Hotels were adversely affected in the opening quarter of this year by the fire at the Las Vegas hotel in November, the Board said when announcing a downturn in profits. Earnings for the quarter to November 30 fell from $10.3m to $8.6m, or 26 cents a share.

A generally adverse business climate, particularly in Reno, Nevada, where the group has another hotel, also took a toll of the trading results. A business interruption insurance payment of $2.5m helped "stabilise" the setback from the hotel fire, the Board said.

Reconstruction and rehabilitation of the fire-damaged hotel is "proceeding rapidly."

Revenues for the quarter showed only a minor fall, from $78.3m to $73.9m. MGM Grand Hotels incorporates the hotel/casino side of the former Metro-Goldwyn-Mayer, which was split into two companies last year, with the filmed entertainment businesses put into MGM Film.

Eurodollar bond prices edge slightly higher

BY OUR EUROMARKETS STAFF

EURODOLLAR BONDS saw a change of trend yesterday when prices began to edge up, particularly on recent issues.

In the D-Mark sector, prices were on average slightly firmer although more recent issues, with higher coupons, fared less well and were lower by about ½ point. The domestic market was a little weaker and is anticipating a coupon of 9 per cent at par for the new Federal Railway issue to be launched tomorrow.

Prices of Swiss-franc foreign bonds fell by about ½ point in thin trading.

Dealers noted that the new issues of the past 10 days had fallen to discounts deep enough to attract some investor interest. The new IBM 12½ per cent issue gained about one point to close at 97½ per cent while the Amoco (UK) 13½ per cent rose by 1½ points, closing at 97¾ per cent.

Prices were helped higher by gains in the New York bond market. Average gains on the secondary market were ⅛ point, while recent issues were up by ⅛ to ½ point.

The private placement of Fl 50m, issued on its own behalf by Pierson Heldring and Pierson was fully taken up yesterday, its first day of subscription. The five-year issue bears a coupon of 10¼ per cent priced at 99½.

● Since the beginning of 1981, Skandinaviska Enskilda Banken, one of the earliest participants in the Eurobond market, has increased from ½ to 1 per cent the spread on which it is willing to trade in about 80 non-Scandinavian bonds.

It has not, however, changed the spread on which it is prepared to deal in about 150 Scandinavian names, which remains ½ per cent. This move has resulted in a lower profile for the bank in international bond market but, says Mr. Rolf Hallberg, the senior general manager in charge of international capital markets at the bank, "we made a profit on our bond trading operations last year."

Receiver for bond trading system

By Francis Ghilès

EUREX, the Luxembourg-based computerised bond trading system, is in the hands of a court-appointed receiver pending further decisions on the company's future. Shareholders made the application last week after it had become clear that accumulated losses amounted to more than the subscribed capital of LuxFr 38m ($1.2m).

Eurex has 45 shareholders, each of which owns between one and eight of the company's LuxFr 200,000 shares. A further 50 banks participate in Eurex without being shareholders.

The system, which was conceived by Mr. Henri Gresius, an official with the Luxembourg Stock Exchange, in 1963, and set up as a company in 1977, aims silently to match the requirements of bond buyers and sellers with the best prices offered by the market makers. Having asked the participants' permission to continue with its suggested deals, it then clears the transaction by informing the clearing system of the deals and automatically printing out confirmation slips for the participants.

Eurex had to face the difficulties arising out of the inception of complex computerised communications systems. By no means the least of the problems was that dealers in major bond trading houses gave it the cold shoulder because they remained convinced that human contact on the telephone was indispensable to good bond trading judgment.

Thus, most of the leading names in the Eurobond trade are not represented on the board of Eurex and even the big German and Swiss banks are represented only through their subsidiaries abroad. The inference was that both countries were anxious to keep trading of bonds denominated in their respective currencies off Eurex and safely at home.

Itel committee

A U.S. bankruptcy judge has appointed a creditors' committee for Itel, the leasing company, and set a meeting of creditors for February 24 in San Francisco, Reuter reports from San Francisco. Itel, which has filed a Chapter 11 bankruptcy petition, did not ask the judge to appoint a trustee and, therefore, will be the "debtor in possession" during the pro-

FINAL QUARTER HIT BY RESTRUCTURING

Burroughs shows loss after charges

BY PAUL BETTS IN NEW YORK

BURROUGHS CORPORATION, the major U.S. computer company, yesterday reported a net loss in its fourth quarter of $68.7m and a dramatic decline in 1980 earnings from $305.5m in 1979 to $82m. The final quarter included reorganisation charges of $125m.

These disappointing financial results had been widely expected, as the company, which after International Business Machines is among the largest U.S. computer manufacturers, has suffered a combination of problems, including dropping sales and declining profitability in several of its business areas.

Fourth quarter revenues totalled $794m compared with $881.6m in the last quarter the previous year. Overall annual sales increased modestly in cash terms.

Total revenues for the year were $2.9bn compared with $2.8bn the previous year, but this must be set against an inflation rate in the U.S. of more than 10 per cent.

According to Mr. Michael Blumenthal, the company's chairman and the former Treasury Secretary, "most of the company's production problems of the past 18 months are now behind us." Mr. Blumenthal, who took over as chairman last autumn, has now launched a major restructuring programme at Burroughs, which is believed will transform the company into a leaner and more competitive concern.

Mr. Blumenthal claimed yesterday that the company's restructuring programme, designed to "improve the corporation's operating effectiveness, asset management and return to investors," would have a positive impact on profitability this year and in the future.

The company's restructuring programme included a number of actions which led to $125m of special charges against fourth quarter earnings. These included:

● About $27m for the discontinuation of calculator, processor and adding machine products and the consolidation of some manufacturing facilities:

● About $8m for the company's early retirement programme:

● About $70m for additional reserves for accounts receivable and inventories;

● About $5m for certain accounting adjustments and

● $15m for unspecified adjustments.

Mr. Blumenthal described 1980 as a transitional year for the company, but claimed Burroughs had now made a good start in implementing new strategies to take advantage of future growth opportunities. "We have entered the new year with a range of powerful highly competitive new products," he said.

At the same time, the company said yesterday that new orders in 1980 established a record for the company and that backlogs were also at a peak. It did not disclose its backlog level, however.

$164m deficit from First Penn

BY DAVID LASCELLES IN NEW YORK

FIRST PENNSYLVANIA, the large Philadelphia bank which was rescued from financial collapse last year, yesterday reported a loss of $45.5m in the last quarter of 1980. This brought its total loss from continuing operations for the year to $73.6, compared with a profit of $12.6m in 1979.

However, on top of this, First Penn incurred a $71.8m loss on securities it was forced to sell during the year, and $18.7m on discontinued operations. This brought the total loss to $164.1m.

This is in line with the projection made two weeks ago by the bank, when it indicated there would be loan loss provisions of $31.5m and other provisions totalling $47.4m in the final quarter.

Mr. George Butler, the new chairman, said the bank had taken some unpleasant but necessary steps in the past year which had reduced the size of the bank's assets by 40 per cent, but which had left it much less sensitive to changes in interest rates and less dependent on purchased funds.

The bank had also regained access to funding sources which had previously been closed to it. As a result, First Penn had paid off the $800m it borrowed from the Fed's discount window.

Mr. Butler said he was "guardedly optimistic" about the bank's prospects of returning to profitability in 1981.

● **Manufacturers Hanover**, the country's fourth largest bank, said that operating net income in the fourth quarter rose 15 per cent, from $51.7m, or $1.56 a share, to $59.5m, or $1.78. Because of weaker earlier quarters, the bank's results for the full year were up only 9 per cent, from $211.3m, or $6.41 a share, to $230.2m, or $6.91.

Oil groups plan to spend more

By Our Financial Staff

TWO LEADING integrated oil companies, Marathon Oil and Atlantic Richfield, have announced sharply higher capital spending plans for the current year.

Atlantic Richfield (Arco), which has substantial interests in the Alaskan North Slope oilfields as well as large mining operations, said it planned to spend $4.1bn this year, up from the $3.7bn of 1980, which included acquisitions. This will be part of its overall plans to spend $25bn in the next five years.

Of this total the company said it intended to spend some 75 per cent on the development of domestic energy resources, including coal and alternate forms of energy. Domestic oil and gas spending would be $16bn and overseas spending about $2bn over the five years.

Marathon, which numbers among its interests a 38 per cent interest in the Brae oil field in the North Sea, said its 1981 capital and exploration spending would exceed $1.2bn.

Oil and gas exploration spending is likely to be around $250m and of the total spending programme for 1981, nearly 70 per cent, or $660m, would go towards development of oil and gas production worldwide.

Belzbergs lift stake in Bache

BY OUR NEW YORK STAFF

THE BELZBERG family of Canada, through First City Financial, its investment company, has once again raised its stake in Bache Group, the large Wall Street brokerage firm, and seems set on exercising more direct control over its affairs.

In a filing with the Securities and Exchange Commission, the Belzbergs revealed that they have raised their stake from 15.5 per cent to 16.8 per cent through a series of stock purchases on the open market.

They said in the filing: "While First City Financial has no present plans to acquire control of the issuer, First City Financial intends to review on a continuing basis its investment in the issuer, and depending on further developments, may change its intention."

The filing also revealed that the Belzbergs want two seats on Bache's 17-man board. However, it is understood that Bache's nominating committee recently rejected this request. When the Belzbergs first started showing an interest in Bache more than a year ago the firm responded defensively by changing its corporate statute on voting procedures to make it more difficult to take control of the firm.

● Meanwhile, another large Wall Street firm, Paine Webber, yesterday reported a 46 per cent increase in earnings for its first quarter ending December 31. Net income was $10.2m or $1.26, up from $6.98m or $1.22. Per share earnings were diluted by the issuance of stock in connection with Paine Webber's acquisition of Blyth Eastman Dillon last year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12. Closing prices on January 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE 13 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S Fin. 10 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S Fin. 12 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Con. Illinois O/S 9⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 11⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 13⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 85 (May)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 95 (August)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 12⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans 9⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 12⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9⅜ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fed. Dev. Bank 12⅛ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Exp. Credit 10⅛ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 9⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Credit O/S 14⅛ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford O/S Fin. 12⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 13⅜ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 12 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Mtrs. O/S 11⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Goodyear O/S 12⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson's Bay 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM Canada 10⅞ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int. Harvester 13⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. C. Penney Int. 12⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McGraw 13⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NorWest Ind. 13⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia 10⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 10 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pemex 11⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 11⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] O/S 11⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Roylease 11⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 12⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 12⅞ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Credit 12⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Credit 12 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transalberta 12⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 9⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day +0⅛ on week −0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria, Rep. of 8⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 8⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cil-Honeywell 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 8⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ESCOM 9⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Iberduero SA 9 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Finland 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Air Lines 8⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 7⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe, City of 8 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Int. Fin. 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nucleobras 9⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela, R of 8⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day 0 on week −0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Int. Fin. 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible], City of 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Buhrm'n-Tetterode 7 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen Tele 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Det. de France 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E. G. H. Hypo. Bk. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 7 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jutland Tele. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Blanc Tunnel 6⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newag 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 6⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui Pre. Hms. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade Dev. Fin. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day −0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 8⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day 0 on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 13⅝ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 11⅝ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. 11⅝ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fst. Can. Inv. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tordom Cpn. 13⅜ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M. Bk. Dnmk. 8 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8⅛ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.51
U. Bk. Nrwy 9⅜ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.56
Bk. Mees & H. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.65
F. G. Hypo Bk. 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.05
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.50
Nat. Inv. Bk. 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.52
Nat. Neder. 9⅝ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.57
Ned. Midd. Bk. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.66
Aero Paris 13⅜ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.74
Charb'nages 13⅛ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.82
CECA 14⅛ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.82
EIB 14⅞ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.15
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.98
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.53
La Redoute 14⅞ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.11
Renault 9⅝ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.36
Utd Mex. Sts 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.09
Acona 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.58
Beneficial Fin. 14⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.38
Beneficial Fin. 14⅝ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.37
BNP 13⅛ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.25
CECA 13⅛ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.41
Citicorp O/S 13⅝ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.31
Fin. for Ind. 14⅛ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.39
Fin. for Ind. 13⅞ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.34
Gen. Elec. Co. 12⅞ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.80
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.05
Rothschild 14⅝ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.78
Swed. Ex. Cr. 13⅝ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.32
Benobras 8⅝ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.43
CCCE 8⅝ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.22
Sonatrach 8⅝ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.52
Akzo 9⅝ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.11
Euratom 9⅝ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.75
Eurofima 10⅝ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.69
EIB 9⅝ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.42
Volvo 9⅝ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.84
Bank of Montreal 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.50
Bank of Tokyo 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.22
BBL Int. 5 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.84
Bergen Bk. A/S 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.58
BNP 5⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.57
CNT 5⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.50
Citicorp O/S F. 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.54
C. Itoh 5⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.17
Co-operative Bk. 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.60
Den Norske Credit 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.09
Genfinance 5⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.43
Giro und Bank 5⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.81
GZB 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.33
Jugobanka 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.21
Ind. Bank Japan 5⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.62
Ind. Bank Japan 5⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.50
Lloyds Eurofin 8 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.28
Lloyds Eurofin 5⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.58
LTCB Japan 5⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.06
Man. Hanov. O/S 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.42
Midland Int. Fin. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.54
Midland Int. Fin. 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.52
National Fin. 8 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.81
Nat. West. 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.78
Nat. West. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.22
Nippon Credit 5⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.27
Sparebanken 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.10
Standard Chart. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.32
Svenska Hndlsbk. 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.02
Bq. Ex. d'Alg. 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.29
Average price changes... On day 0 on week −0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.56
Canon 6⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.10
Credit Suisse 4⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.30
Digicon Fin. 8⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.88
Ensarch Fin. 9⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.24
Hanson O/S Fin. 9⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.11
Inco Overseas 8⅝ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.74
Inchcape Ltd. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.95
Jacks 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.23
Marion Int. Fin. 9 95	12/80	23.25	102	102⅝	−0⅝	−1.36
Matsushita El. 7½ 95	11/80	590	102½	103½	+1	7.32
MEPC 8¾ 96	2/81	2.47	93¼	94½	+1⅝	5.15
Niigata Eng. 7½ 96	1/81	327	105½	106½	+2	−0.31
Nissho-Iwai Co. 8 96	10/80	398	97⅝	98⅝	0	−0.61
Ricoh 6⅝ 95	8/80	604	122¼	123¼	+2⅞	2.83
Sumitomo M. Ind. 7 95	2/81	187	110¼	111¼	+0⅞	0.42
Swiss Bk. Cpn. 6¼ 90	9/80	200	93	95	0	8.49
Taylor Woodrow 8¾ 90	1/81	4.94	93⅞	94⅞	+0⅝	2.63
Transco Int. 8⅞ 95	2/81	68	96⅝	97⅝	+0¼	22.42
Tricorp 8½ 95	12/80	31.25	94⅞	96¼	+0¼	21.81
Union Bk. Switz. 5 89	2/80	121.4	91⅞	92½	−0⅛	−12.81
Fujitsu 5 84 DM	7/79	431.5	140¼	141⅝	+2⅝	0.23
Sharp Cpn. 6½ 88 DM	9/80	595	132⅞	133⅞	−0⅝	−2.80
Uny Co. 6½ 85 DM	11/79	967.3	110⅞	111⅞	+0⅝	0.27

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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U.S. QUARTERLIES

BANK OF NEW YORK	1980 $	1979 $
Fourth quarter		
Net profits	5.25m	10.46m
Net per share	0.77	1.64
Year		
Net profits	42.55m	43.56m
Net per share	6.53	7.05

COMMONWEALTH EDISON	1980 $	1979 $
Fourth quarter		
Revenue	8.36m	652.6m
Net profits	94.1m	41.09m
Net per share	0.69	0.21
Year		
Revenue	3.32bn	2.72bn
Net profits	382.0m	296.68m
Net per share	2.97	2.51

CORNING GLASS	1980 $	1979 $
Fourth quarter		
Revenue	365.1m	322.6m
Net profits	22.99m	20.27m
Net per share	1.27	1.15
Year		
Revenue	1.53bn	1.42bn
Net profits	114.72m	124.94m
Net per share	6.26	7.05

FLORIDA POWER	1980 $	1979 $
Fourth quarter		
Revenue	598.0m	501.9m
Net profits	45.3m	64.1m
Net per share	0.87	1.35
Year		
Revenue	2.35bn	1.93bn
Net profits	198.3m	204.7m
Net per share	3.94	4.22

NORTHWEST BANCORP	1980 $	1979 $
Fourth quarter		
Net profits	28.6m	27.8m
Net per share	1.11	1.08
Year		
Net profits	113.5m	106.6m
Net per share	4.39	4.13

PACIFIC LIGHTING	1980 $	1979 $
Fourth quarter		
Revenue	950.3m	703.1m
Net profits	39.49m	18.55m
Net per share	1.50	0.70
Year		
Revenue	3.4bn	2.24bn
Net profits	107.04m	97.98m
Net per share	4.04	3.80

SANTA FE INDUSTRIES	1980 $	1979 $
Fourth quarter		
Revenue	884.2m	716.4m
Net profits	103.9m	75.3m
Net per share	3.57	2.65
Year		
Revenue	3.22bn	2.56bn
Net profits	301.8m	227.7m
Net per share	10.42	8.08

TANDY	1980-81 $	1979-80 $
Second quarter		
Revenue	538.0m	450.1m
Net profits	54.6m	40.6m
Net per share	1.06	0.80
Six months		
Revenue	875.8m	744.9m
Net profits	80.3m	59.9m
Net per share	1.57	1.17

UTD. CALIFORNIA BANK	1980 $	1979 $
Fourth quarter		
Net profits	35.84m	23.34m
Net per share	4.92	3.20
Year		
Net profits	108.02m	86.83m
Net per share	14.82	11.91

U.S. HOME	1980 $	1979 $
Year		
Revenue	1.08bn	935.3m
Net profits	44.3m	41.0m
Net per share	3.32	3.13

WESTERN BANCORP.	1980 $	1979 $
Fourth quarter		
Net profits	65.02m	49.38m
Net per share	1.63	1.24
Year		
Net profits	225.06m	203.34m
Net per share	5.70	5.38

This announcement appears as a matter of record only.

Ente Nazionale per l'Energia Elettrica (ENEL)

U.S. $500,000,000

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The National Commercial Bank (Saudi Arabia)
Rabobank Nederland
Toronto Dominion International Bank Limited
The Mitsui Bank, Limited
The Sumitomo Trust and Banking Co., Ltd.

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Banque Franco Allemande S.A.
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International Westminster Bank Limited
Landesbank Stuttgart (London Branch)
The Mitsui Bank, Limited
Nagrafin Bank Limited
Rabobank Curaçao N.V.
Rabobank Nederland
Salzburger Sparkasse
The Sanwa Bank, Limited
The Saudi National Commercial Bank – O.B.U. Bahrain
Slavenburg Overseas Banking Corporation
The Sumitomo Trust and Banking Co., Ltd.
Toronto Dominion Bank
WestLB International S.A.

Agent

International Westminster Bank Limited

December, 1980

Capital outlays cut by Fiat truck group

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, the Fiat subsidiary which is Europe's second-largest commercial vehicle manufacturer, last year cut back capital investment, which has been running at an annual $250m, to $150m, and the total will be even lower in 1981.

Since Iveco was formed in January, 1975, about $1bn has been spent to reorganise the 16 manufacturing plants in three countries—Italy, France and Germany—and to rationalise the range of products.

Sig. Guiseppe Michelacci, director of commercial operations, said that this process was now nearly completed and therefore the capital investment programme could be reduced.

Last year Iveco's turnover rose to about $4bn and it sold 113,000 to 114,000 commercial vehicles from three tonnes upwards. This compares with *nearly 110,000 sold in 1979.*

In 1981 the company expects to maintain output at around 114,000 even though demand in its four main markets—Italy, Germany, France and the UK—which between them take 64 per cent of production, is forecast to decline by 2.5 to 3 per cent.

This will be offset to some extent, Iveco believes, by an upturn in demand in countries such as Nigeria, Egypt and Saudi Arabia.

Sig. Michelacci maintained that it was still Iveco's intention to reach sales of 10,000 a year in North America—"that *is a market in which you have* to have a reasonable presence or none at all."

Last year the company sold more than 1,000 medium-weight diesel trucks in North America and 3,000 to 4,000 diesel six-tonne vans. Iveco is still considering the possibility of *assembling commercial vehicles* in North America but they will not be heavy commercials. "And we have no intention of exporting heavy trucks to North America," stated Sig. Michelacci.

Iveco was formed in 1975 when the commercial vehicle interests of Fiat of Italy and the Magirus-Deutz subsidiary of Kloeckner-Humboldt-Deutz of West Germany were brought together. Fiat had already put together a commercials group including Unic of France and OM and Lancia in Italy.

In January 1980 KHD took up an option to sell its 20 per cent shareholding in Iveco to Fiat. But so far no price has been agreed and discussions have dragged on for more than a year.

The reorganisation of Iveco involved light vehicles being *produced at Brescia, Italy;* medium-duty vehicles at Trappes, France; heavy on-road vehicles at Turin, Italy, and Ulm, Germany; off-road vehicles and construction equipment at Ulm; and buses and coaches at Cameri, Italy and Mainz, Germany. Chasses are made in Turin.

The target for Iveco, which sells in 100 markets, was to produce a complete and modernised range for all markets all over the world. To this end, the whole range, from three to 50 tonnes, and all the engines, both water-cooled and air-cooled, have been revamped.

The introduction of three turbocharged engines this year will enable Iveco to offer 350 truck variants in Europe alone.

Standardisation of components has, for example, brought down the number of frames supplied from 110 to 40 and the number of cab parts from 1,200 to 900.

The workforce has also been cut to 48,000 (30,000 in Italy, 11,000 in Germany and 7,000 in France) following job reductions of about 1,200 each in both Italy and Germany over the past *year or so.*

While most of the truck assembly plants are currently working at reasonable levels of output, there was still some over-capacity at some of Iveco's component plants, said Sig. Michelacci.

Rhone buys PBU stake

BY OUR FINANCIAL STAFF

RHONE POULENC has taken full control of PBU, the French polyurethane intermediate product manufacturer, by acquiring the 50 per cent shareholding in the company held by Bayer, the German chemical group.

PBU, which is based in Courbevoie, with a capital of FFr 40m ($8.7m), was founded by Bayer and Rhone Poulenc in 1959. *Bayer will continue to* supply the French market with raw materials through its subsidiary, Bayer France.

● The trade surplus of the French electrical equipment industry increased last year by 17 per cent to FFr 5.3bn ($1.15bn) from FFr 4.5bn in 1979.

Exports and imports both increased in value terms by 17 per cent, while consumption on the home market (production less exports plus imports) rose *by 14.9 per cent. Overall sales* of French electrical equipment increased by 16 per cent to FFr 19.9bn.

Charles Batchelor in Amsterdam looks at the latest retrenchment by a major fibres company

Rooting out the loss-makers at Enka

DIFFICULTIES facing the West European man-made fibre industry have once again been highlighted by the announcement of large-scale capacity cuts by Enka, the fibres division of Akzo the Dutch chemicals concern.

In an operation unprecedented *even for Enka, the company* will shed more than 4,000 of its 30,000 workers in Europe. It has reduced manning levels by 14,000 over the past five years but these reductions have occurred in stages.

Enka is trying to root out the loss-making activities accounting for 25 per cent of turnover, which have pulled the company into the red despite the profitable three-quarters of its activities. The loss-makers showed a deficit of Fl 200m ($92m) in 1980. The profitable operations reduced this figure somewhat but Enka still made a "considerable" loss.

The company's plans will lead to the closure of loss-making plant and the concentration of activities at profitable, integrated locations. It will pull out completely from manufacturing cord, widely used in tyre making, and from polyamide fibres used in carpet making. In all 30 per cent of production capacity in the loss-making areas will be shut.

The biggest cut will come in Dutch and German operations, which form the core of Enka's business and which have already seen 13,000 jobs disappear since 1975.

The Breda plant, which has been threatened with closure in the past, will shut down with loss of 700 jobs. Breda suffered from being a single-product plant, making polyester filament yarns. A further 300 jobs in the research and development and administration sections will be lost

In West Germany the Kassel *factory, making polyamide and* polyester fibres, will be shut down with a loss of more than 800 jobs, while cord production at Oberbruch will be stopped at a cost of 830 jobs. With most tyre manufacturers making their own cord, the "free market" is very small and it is, anyway, dominated by a Belgian manufacturer, Enka said.

Further cuts in Germany will be in Konz, where 20 jobs will go; in Oberburg, where up to 300 workers making carpet yarns will be laid off, and in the *Wuppertal headquarters* where 300 administration and research and development staff will go.

The position of British Enkalon, with 2,000 production workers in Antrim, Northern Ireland, and 200 headquarters staff at Leicester, is by no means guaranteed, despite the shedding of 800 jobs in Antrim. The company's future will depend on the extent to which the Northern Ireland Government is prepared to provide support.

The locations which have fared best in the reorganisation are at Emmen, in the Netherlands, where polyamide textile, polyester fibre and polyamide carpet yarn production will be concentrated, and Oberbruch in Germany, where polyester textile yarns will be concentrated.

Enka has been hit by a combination of problems. The slow rate of economic growth has reduced demand for textiles while European clothing manufactureres have been unable to compete with low-wage producers in developing countries.

The company has been unable to pass on in full the sharply higher price of fuel and raw materials. The support given by foreign governments to fibre producers, notably in Italy, has meant overcapacity in Europe has been maintained.

The decline of the *dollar* has turned the attention of U.S. fibre producers to export markets. This has affected Akzo despite its own fibre manufacturing operations in North and South America.

Akzo has carried out the restructuring of its fibres division without any specific form of government aid. It has, however, recently gone to the authorities for financing help with a number of specific new investment projects.

The problems of the Enka fibres division have determined the performance of the entire Akzo group. Despite efforts to reduce the importance of fibres they still accounted for one-third of Akzo's 1979 group sales of Fl 12bn ($5.5bn). Modest improvements in the performance of its other activities—chemical products, coatings, pharmaceuticals and consumer products—have been unable to fully compensate for the chronic problems of the fibres division.

Share deal record in Zurich

By John Wicks in Zurich

TURNOVER on the Zurich bourse rose by 15 per cent to a record SwFr 132.59bn ($72.85bn) in 1980, compared with SwFr 115.55bn in the previous year. Even allowing for an element of double bookings, this makes Zurich second only to London among European securities exchanges.

The number of share deals reported also reached a new high, the total of 298,004 passing the previous peak in 1976.

The Basle bourse also showed its biggest turnover to date—SwFr 28.6bn, compared with SwFr 25.4bn. The number of deals rose sharply from 82,291 to 91,449, but was still below the exchange's 1976 record.

The Geneva bourse does not publish turnover figures. However, provisional estimates point to a record number of bargains, exceeding 1979's figure of nearly 100,000.

More stock was being traded in Switzerland by the end of the year. On the Zurich exchange, the number of shares and bonds listed rose by 77 to 2,160. These consisted of 1,818 bonds (1,421 of them Swiss) and 342 shares (176 of them Swiss).

● Consolidated sales of Alusuisse of America totalled about $1.4bn in 1980, up from $1bn in 1979.

AOA is the holding company for U.S. interests of Alusuisse, the Swiss-based aluminium group.

BANKING IN SPAIN

Tidying up the financial system

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government has just approved the most important package of financial reforms since July 1977. It is the second major action to liberalise and tidy up the financial system since the end of the Franco era. The emphasis is on putting the financial system into better order rather than on liberalisation—although the measures have been referred to here by both Press and Government as a "liberalisation."

The measures free restrictive legislation on interest rates, give clear-cut rules on bank charges and commissions, end dividend control for banks and bring the rules applying to the savings banks, the *Cajas de Ahorro*, directly into line with those of other banks.

Bankers appear to be in two minds about the legislation. No one disagrees that it is an *improvement on the existing* system. However, the more out-ward-going bankers believe an important opportunity to liberalise the nfiancial system fully has been lost.

The Government has left virtually untouched, for instance, the system of "privileged circuits"—so called because of the way banks are obliged to channel funds into officially directed investments at artificially low or "privileged" rates for borrowers.

This has been the traditional means of medium and long-tem *funding, and the continuance of* this mechanism further delays the establishment of a proper money market. For its part, the Government feels the banks are being schizophrenic. At one level wanting to bring the system more into line with Europe, ironing out the current distortions, at another deeply afraid of anything new.

The main reforms are as follows:

● **Credits.** Banks will be free to establish interest rates on all credits, creating what in effect will be a prime rate for the first time. At present there is a "preferential rate" (of 15.9 per cent), which is published by the Bank of Spain and is the guide-*line for prime borrowers.*

Excluded from the prime rate will be all those funds collected under the system of "privileged circuits" and housing loans (which cannot go above 12 per cent). The Government has also decided to retain the practice of obliging banks to set aside 3 per cent of their deposits to cover special export financing. The interest rate limit for export credits will be 10 per cent. The export subsidy has been criticised in Brussels and some may regard it as a mistake not to have acted on it.

● **Deposits.** All deposits placed between financial institutions will have free interest rates. For individuals, the current one-year minimum for free interest rates has been cut to six months for sums of Pta 1m (£5,300) upwards. In the case of deposits in foreign currency the rate will be free. Limits are now fixed on the rates applicable to a variety of items including current account balances (a 1 per cent maximum) which previously was not defined.

Also, for the first time, clear rules are introduced to cover the breaking of deposit terms. One abuse of the previous system was that to circumvent restrictions on paying interest to clients, banks took deposits for, say, one year and then permitted the term to be broken with no penalty to the deposits—that is, the depositor was able to enjoy a higher-than-permitted interest rate on deposits under one year.

This abuse was becoming particularly important regarding CDs (certificates of deposit), which were not subject to tax and were thus used as a means of fiscal evasion.

CDs in recent years have become increasingly used, the volume rising from some Pta 500m to over Pta 900bn in under four years. CDs now represents almost 12 per cent of money supply. Since an important element of the CDs were not running the full term but were being withdrawn early this also distorted the money supply. *This, therefore, is a tidying up* measure, and ends a major abuse. CDs must now be for fixed terms and be for sums of Pta 1m or multiples thereof.

● **Commissions.** This was the area most fought over. The banks have been obliged to concede greater transparency, which they strongly resisted. A clearly enunciated list of charges has been drawn for all types of commissions and charges. For instance, 0.4 per cent for covering letters of credit or cheques through banks, or 0.15 per cent quarterly charges for checking accounts.

● **Term Financing.** To encourage banks into term financing, they will be obliged to place with the Bank of Spain 7 per cent of their deposits. These funds will be freed and can be lent at market rates provided they are used in loans of three years and upwards, or for buying shares in non-financial companies. This means that 30 per cent of commercial bank deposits will be tied up in controlled investment.

Of this, 22 per cent corresponds to the amount the commercial banks have to set aside for funds to be used in the privileged circuits. (For the *cajas* it is 51 per cent). However, a higher interest rate will be paid on these funds (now an average of 7.5 per cent). The legislation has also speeded up the pace at which these percentages allocated to the privileged circuits are reduced.

● **Dividends.** Legislation in force since 1941 limiting dividends to 6 per cent of total assets has been scrapped. In theory, dividends will not be subject to restraint or control but for the first two years the Bank of Spain will have wide powers to check whether or not banks are decapitalising and generally acting correctly in distributing the dividends.

Wienerwald increases turnover

By Our Zurich Correspondent

TURNOVER of the Wienerwald restaurant and hotel group rose by 17.9 per cent last year to SwFr 1.68bn ($923m). Profit figures are not published by the company, which is controlled by the Swiss restaurateur Herr Friedrich Jahn.

A otal of 1,521 restaurants and hotels are currently owned by the group, plus a number of affiliates. Wienerwald expanded to Finland and the Philippines in 1980 and is now active in 18 national markets.

About 40 per cent of group turnover currently comes from the U.S., where Wienerwald owns chains including Lums and the International House of Pancakes. Future expansion is to be concentrated on Europe, however, where most of the group's 1980 capital spending of SwFr 75m ($41.2m) was concentrated.

The travel agency subsidiary Jahn-Feisen, set up in Germany early last year, reported 50,000 bookings in its first year of operation.

Elf plans to expand French oil exploration

By Our Financial Staff

ELF-AQUITAINE, the French state-controlled oil group, intends to increase its budget for oil exploration on French territory to more than FFr 600m ($130m), an increase of 20 per cent on 1980. Between 75 and 80 per cent of the total will be spent in the Aquitaine region of South-Western France.

The group said it intends to drill 16 exporatory wells in the Equitaine region this year, between four to six in the Paris basin and an as yet undetermined number in the western approaches to the English *Channel.*

● Campenon Bernard, a public works group, has increased its stake in its subsidiary Viafrance to 99.8 per cent after acquiring the 44.8 per cent interest held by Esso Saf, French unit of Exxon of the U.S.

Vaifrance came into being in 1970 following the merger of Campenon Bernard's subsidiary Viasphalte and Societe Française du Vialit, a member of the Esso group. The company is capitalised at FFr 12.8m.

RTC to cut workforce by 25%

BY TERRY DODSWORTH IN PARIS

THE EUROPEAN consumer electrical industry suffered another heavy blow yesterday when Radio Technique Compelec (RTC), the French manufacturer of television tubes, electronics and other electrical components, announced redundancies for about a quarter of its workforce.

RTC, part of the Dutch Philips group, said yesterday that it will be cutting a total of about 1,470 employees from its payroll. But a number of early retirements should allow the forced redundancies to be reduced to about 1,200.

The company blamed the intensification of competition from the U.S. and Japan as well as developing countries with lower wage levels, for forcing it to reorganise.

M. Jacques Bouyer, managing director, also attacked the European industry for maintaining its rivalries and divisions in the colour television tubes industry, despite the assault on the market from outside the region. The tubes division of the company had now dropped into losses mainly because of Japanese competition, he added.

RTC, controlled by La Radiotechnique, the Philips radio and television manufacturing subsidiary in France, had a turnover of almost FFr 1.9bn ($430m) in 1979. Its sales increased by only about 5 per cent last year, but it was likely to be able to show a profit for 1980 said M. Bouyer.

The redundancy programme begins in six months, so for the time being the company will continue to be burdened with heavy labour costs.

The restructuring at RTC follows only a few days after the announcement of a rshuffle in the top management at Videocolor the television tubes subsidiary of Thomson CSF group, one of the largest European manufacturers in this sector.

Following the departure of M. Abel Farnoux, chairman of the company, it has been widely suggested that Thomson may be edging towards deals with Japanese manufacturers in the consumer electrics field.

This announcement appears as a matter of record only

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January 1981

This announcement complies with the requirements of the Council of The Stock Exchange in London.
It does not constitute an invitation to subscribe for or purchase any securities.

U.S. $200,000,000

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Union Bank of Switzerland (Securities) Limited

The Council of The Stock Exchange has admitted the Notes to the Official List, subject only to the issue of the Notes. Particulars of the Notes and the Issuer are available in the statistical service of Extel Statistical Services Limited and may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including February 4, 1981 from the brokers to the issue:

Cazenove & Co.
12 Tokenhouse Yard
London, EC2R 7AN

MALAYSIAN SHARE OWNERSHIP

Step forward for Bumiputras

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has taken a major step forward under its New Economic Policy. It has begun to transfer assets amounting to billions of ringgit to the country's economically backward Bumiputras (Malays and other indigenous people).

Earlier this month Datuk Hussein Onn, the Prime Minister, signed the necessary documents for transferring Government-owned shares with a market value of over 1.5bn ringgit (U.S.$690m) to the Bumiputras.

The move is made towards fulfilment of the promise that by 1990, the Bumiputras, who form 55 per cent of the 14m population, will own at least 30 per cent of the nation's corporate wealth.

Sharing in progress

The New Economic Policy (NEP) was introduced in 1970, after the racial riots in Kuala Lumpur the year before. The Government's argument was that the Malays ran amok on the streets not so much because they were shocked by Chinese gains in the 1969 general elections, but because they had become desperate when they realised they were not sharing fully in the economic progress achieved since independence.

The Malays could not on their own trust to their catching up with the more commercially attuned non-Malays, particularly the Chinese.

Official statistics, up to December, indicate that the Malays have only 4.2 per cent ownership of the nation's corporate wealth (as defined by the par value of Malaysian company shares quoted on the stock exchange). The non-Malay holding is 40 per cent, and that of foreigners 47.6 per cent. The remaining 8.2 per cent (2.14bn ringgit) is held by Government agencies, which have bought heavily into the private companies in the past decade.

It is part of this corporate wealth that Datuk Hussein has had transferred. Of the 660m shares involved, 552m have been transferred at par value or at cost to Permodalan Nasional, the national equity corporation, which will be the main vehicle for the distribution of corporate wealth to the Malays. The remaining 108m shares have gone to Malay financial institutions and co-operatives at a small premium.

The 660m shares form the Government's stake in 21 blue-chip companies, such as Malayan Banking, Bank Bumiputra, Sime Darby, Malaysia Mining Corporation, Highlands and Lowlands, Goodyear Malaysia Berhad, and Island and Peninsula. Companies like Malaysian Airline System, and Malaysian International Shipping Corporation, are excluded from the transfer. The Government wants to retain full control in these cases because of their strategic roles.

The role of Permodalan in the NEP is crucial. There is little doubt that the Malaysian authorities, with the oil and natural gas resources and other financial power at their disposal, will achieve the 30 per cent corporate ownership target. The difficult part of administering the NEP is the equitable distribution of this wealth to the Bumiputras.

Unit trust scheme

Permodalan will launch a unit trust scheme in April. All Bumiputras of the age of 21 or above will be eligible to buy up to 50,000 units at any time until 1990. The units will cost one ringgit each, and investors will be allowed to sell them only back to Permodalan, and only at their par value. Permodalan has promised to pay an annual dividend of not less than 10 per cent, and is to make periodic bonus issues as an incentive for the Malays to keep the units. As a further incentive, dividends up to 4,000 ringgits will be tax-exempt.

Malay leaders have worked to devise a system whereby the corporate wealth meant for the Bumiputras would stay within the Bumiputra community, without their capital being locked in for long periods, and without their assets being undervalued. For this purpose, the initial proposal of an exclusive Bumiputra stock exchange was dropped, in favour of the unit trust scheme.

Tengku Razaleigh, the Finance Minister, acknowledges that the unit trust is not perfect. Malays could take up their 50,000 ringgit entitlement just before the dividend or bonus issue announcements and then re-sell their units to Pormodalan after taking the profits. Non-Malays could use their Malay friends or employees to do the same.

From time to time, the Government will inject more shares of private sector companies into Permodalan, which is also being given Government cash to fund its investment activities. Permodalan was given 500m ringgit under the Third Malaysia Plan (1976-80). This is to be doubled to 1bn ringgit under the Fourth Plan. Last month, Permodalan bought 6.5m shares, representing 20 per cent of Guthrie Corporation, for 242m ringgit from Sime Darby.

What is to happen after 1990 is a major question. Malaysian leaders hope that by then the Malays will have acquired the business understanding to stand on their own. The units could then be freely quoted and traded.

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Westdeutsche Landesbank Girozentrale

January 1981

Aerospatiale sees rise in sales

BY TERRY DODSWORTH IN PARIS

AEROSPATIALE, the nationalised French aerospace group, has forecast a 15 per cent rise in turnover to about FFr 13bn ($2.8bn) for 1980.

The group has not made a profits forecast, but M. Jacques Mitterrand, the chairman, says that earnings should show that Aerospatiale has been able to consolidate on the position reached in 1979. This indicates that it will make a small profit, on the lines of the FFr 8m achieved in 1979.

This performance represents another depressed result, but it shows that Aerospatiale has nevertheless managed to break out of the vicious circle of losses of the period between 1972 and 1979, when the combined deficit amounted to FFr 2.4bn.

The improvement of the company's position is also underlined by the reduction in borrowings, down from FFr 5bn in 1975 (when sales amounted only to FFr 7.5bn), to FFr 1.5bn in 1980.

In the last three years, Aerospatiale has also embarked on a heavy investment programme, raising spending from FFr 200m in 1978 to FFr 450m in 1979 and FFr 800m in 1980. The pace of this expansion is now expected to decline, but investment will continue this year at around FFr 900m.

A considerable proportion of the investment has gone into the helicopter division, which now claims to hold about 25 per cent of the world market for machines of this kind, and which recently landed a $200m order from Bristow Helicopter of the UK.

Chinese insurer lifts profit

PEKING—Total 1980 profits, including investment and interest, for the People's Insurance Company of China (PICC) rose to the equivalent of around $40m, from $29m in 1979.

In international business, premium income had risen to some $153m, from $113m, while reinsurance income had increased to over $150m from $120m.

The domestic insurance market, revived early last year after suspension since 1958, had brought premium income of $133m on total assets insured of over $66.6bn.

Some of the profits were being invested in Hong Kong, in land and construction projects and on the stock exchanges.

The company's total assets were estimated to have reached about $667m by the end of last year, compared to $470m at end-1979.

Over 50 per cent of business on the international side was in marine cargo insurance. Other underwriting included marine hulls, aviation and general trade, including compensation, and processing trade.

The higher profits in 1980 were ascribed to increased trade, the revival of the domestic market and an improvement in efficiency.

Reuter

Offshore Mining Company Limited

U.S. $100,000,000

Guaranteed Floating Rate Notes due 1986

For the six months 21st January, 1981 to 21st July, 1981

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 17¾ per cent. and that the interest payable on the relevant interest payment date, 21st July, 1981 against Coupon No. 6 will be U.S. $89.24.

By: Morgan Guaranty Trust Company of New York, London Agent Bank.

This announcement appears as a matter of record only

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December 1980

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Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.) — Manufacturers Hanover Asia Limited
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Morgan Guaranty Trust Company of New York — National Bank of Abu Dhabi
Saudi International Bank, Al-Bank Al-Saudi Al-Alami Limited — European Asian Bank
The Muslim Commercial Bank Limited — *National Bank of Pakistan*
Arab Banking Corporation, ABC — Arab Bank Limited
The Bank of Nova Scotia Asia Limited — Commercial Bank of Kuwait SAK
Middle East Bank Limited — The Royal Bank of Canada (Asia) Limited
Allied Bank of Pakistan Ltd — Hongkong and Shanghai Banking Corporation
United Bank Limited — Dai-Ichi Kangyo Finance (Hong Kong) Limited
The National Commercial Bank (Saudi Arabia) — Wardley International Bank Limited
Al-Ahli Commercial Bank B.S.C., Bahrain — Australia and New Zealand Banking Group Limited
Australia European Finance Corporation N.V. — Bank Arabe Espanol S.A. 'Aresbank'
Bank Almashrek, S.A.L. — Bank of Bahrain and Kuwait, B.S.C.
The Bank of Kuwait & Middle East, K.S.C. — BNP Daiwa (Hong Kong) Limited
Inter-Alpha Asia (Pacific) Limited — International Resources and Finance Bank S.A.
International Trade and Investment Bank S.A. (I.T.I.B.) — Overseas Trust Bank Limited
The Northern Trust Company, Hong Kong Branch — UBAF Bank Limited
The Saudi British Bank — Uban Arab-Japanese Finance Limited
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GIB

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THE SUMITOMO BANK, LIMITED

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BANQUE MAROCAINE DU COMMERCE EXTERIEUR

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December 1980

APPOINTMENTS

GEC-Marconi changes

Sir Robert Telford has assumed the chairmanship of the MARCONI COMPANY and Mr. Arthur S. Walsh has been appointed its managing director. Sir Robert, as a director of GEC and managing director of GEC-Marconi Electronics, is responsible for the management of the major electronics interests of the General Electric Company.

Mr. Walsh is now responsible within this main grouping for Marconi Communication Systems, Marconi Radar-Systems, Marconi Space and Defence Systems, Marconi Electronic Devices and McMichael.

Dr. I. MacBean has been appointed to succeed Mr. Walsh as managing director of Marconi Space and Defence Systems. He was previously assistant managing director.

*

P & O EUROPEAN TRANSPORT SERVICES has been given the status of a division of the Peninsular & Oriental Steam Navigation Company, and, as such, it is the holding company for the road haulage and integrated unit load trade units operating throughout the UK, Republic of Ireland, Continental Europe and Scandinavia.

Mr. E. Percival is executive chairman; Mr. G. B. Whitehead, managing director; Mr. G. H. Ruff, deputy managing director; and Mr. A. J. B. Crean, Mr. J. H. Paton, Mr. B. R. Rosier and Mr. J. van Schijndel, directors.

*

Mr. Michael Thompson has been appointed managing director of newly-formed NFER NELSON PUBLISHING COMPANY and Mr. Michael McWhinnie has become director of marketing. The company has been established jointly by the National Foundation for Educational Research and Thomas Nelson and Sons, educational publishers. Mr. David J. Smith has joined the Board of Thomas Nelson with responsibility for UK marketing.

*

Mr. J. E. Jewiss has been appointed joint deputy chairman of HARTLEY COOPER HOLDINGS. He is succeeded by Mr. S. Flowers as managing director of Hartley Cooper UK and Mr. M. D. Benstead has been made a director of that company.

*

Mr. W. E. Warning has been co-opted to the main Board of COUTINHO CARO AND CO. Mr. E. F. Goodwin, Miss J. B. Hurst, Mr. P. W. J. McCarthy, and Mr. A. E. J. Williams have been appointed alternate directors.

*

Mr. Oliver S. Heal is to become chairman and managing director of HEAL AND SON HOLDINGS from March 1. He will succeed Mr. Anthony S. Heal, who is retiring at the end of next month but will remain a non-executive director.

*

Ms Clare Short, director of Youthaid, has been appointed to represent the interests of youth organisations on the Special Programmes Board of the MANPOWER SERVICES COMMISSION.

*

Ms Carol Speed has been appointed a director of STEWART RITCHIE AND PARTNERS and managing director of SPEED INTERNATIONAL, an executive search company. Lord Newall joins the Board of Speed International.

*

Mr. Arthur D. Harverd has been elected honorary treasurer of the TEXTILE INSTITUTE. He is a partner in Hacker Young, chartered accountants, and he was elected to the council of the Textile Institute in 1979.

*

Mr. Don I. Shimmon has joined HAMILTON BROTHERS OIL AND GAS as managing director, succeeding Mr. Robert Dyk, who has retired. The company is an affiliated member in London of Hamilton Brothers Petroleum Corporation of the U.S.

*

Mr. Christopher E. Davies, general manager of DOWTY SEALS, Newtown, Powys, has been appointed executive director, manufacturing, at Dowty Seals, Tewkesbury.

*

Mr. J. W. Beacham has been elected to the Board of WOOD GUNDY.

*

Mr. Graham J. Clarke has been appointed a director of FAIREY ALLDAY MARINE and general manager of its Gosport yard. The company is a member of the Fairey Holdings group. Mr. Clarke was previously executive assistant to the chairman of British Shipbuilders.

*

Mr. E. V. Molyneux, who joined the NATIONAL COAL BOARD in January, 1967, as director of its road transport service, is to retire on February 28.

*

Mr. W. H. Fryer is to join YARROW AND CO. as deputy managing director from March 2.

*

Mr. John G. Craig has been appointed a director of SCOTTISH UNITED INVESTORS.

*

Mr. L. C. T. Cottrell has been appointed deputy chairman of ESTATES PROPERTY INVESTMENT COMPANY.

*

Mr. W. R. Rowland has been appointed a deputy group comptroller, and Mr. D. M. Heather becomes group chief accountant in the group comptroller's department—at the head office of ROYAL INSURANCE. In the Life Division Mr. A. J. McLachlan and Mr. D. R. Parry have been made assistant general managers. From April, Mr. F. R. Wales will be an assistant general manager, Life Division, and he leaves his present position as managing director of CANNON ASSURANCE at the end of March.

OVERSEAS

Mr. William A. Pogue has been elected president of CBI INDUSTRIES, INC. and president and chief operating officer of its principal subsidiary Chicago Bridge and Iron Company. Mr. Marvin G. Mitchell will continue as chairman of the Board and chief executive officer of both companies. Mr. Arthur G. Albertson has been elected a vice president of CBI Industries, Inc.

Mr. W. R. "Bill" Robinson has been elected a vice president of Chicago Bridge and Iron Company. He also was recently appointed manager of CBI's marine sales group with headquarters in Houston, Texas.

*

Mr. Enzo J. Vialardi has been elected vice-president and treasurer of REVLON INC. He succeeds Mr. George F. Staudter who continues to report to Mr. S. P. Alexander, senior vice-president—finance.

*

After seven years at the head of the TRUMPF UK management team, Mr. Hans Strebel has been appointed executive vice-president of the American company based in Farmington, Connecticut. At TRUMPH MACHINE TOOLS Mr. Brian Lewis has accepted the position of managing director vacated by Mr. Strebel.

*

Mr. Richard W. Dalrymple and Mr. Rudolf P. Guenzel have been named executive vice-presidents of EUROPEAN AMERICAN BANK, New York.

*

Mr. Benjamin S. Tepper and Mr. André V. Van Damme have been respectively appointed managing director and general manager of nv CERTIFIED DIAMONDS INVESTMENT AND MANUFACTURING sa.

*

Mr. Pierre Borgeaud has been appointed management chairman of the Swiss-based engineering group SULZER BROTHERS, of Winterthur. This move is the first step in a programme to re-organise management structures "in view of more difficult market conditions." The group management, which will now be headed by Mr. Borgeaud, has hitherto exercised joint executive responsibility for the Sulzer concern. Other members of the management board will be responsible particularly for specific divisions. At the next annual meeting the group management is to be expanded to include Mr. Othmar Hegi, Mr. Jakob Kaegi and Mr. Walter Schneider.

FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LTD.
(Incorporated in the Republic of South Africa)

INTERIM REPORT AND INTERIM DIVIDEND

Unaudited financial results

	6 months ended 31.12.80 R000	6 months ended 31.12.79 R000	Year ended 30.06.80 R000
Net revenue excluding profit on realisation of investments	1,316	504	1,758
Profit on realisation of investments	—	20	37
Profit before taxation	1,316	524	1,795
Taxation	225	7	85
Profit after taxation	1,091	517	1,710
Number of shares in issue (000's)	3,630	3,630	3,630
Dividends per share—cents —interim	15.0	10.0	10.0
—final	—	—	25.0
Cost of dividends, R000	545	363	1,271

Particulars of the company's listed investments and the net asset value are as follows:

	at 31.12.80 R000	at 31.12.79 R000	at 30.06.80 R000
(a) Listed investments Market value	28,265	21,395	27,150
Book cost	6,313	5,398	5,659
Appreciation	21,952	15,997	21,491
(b) Net asset value per share which includes unlisted investment and mineral rights at book values—cents	791	600	748

At 20th January 1981 the net asset value was 737 cents.

INVESTMENT PORTFOLIO

4,500 Winkelhaak Mines Limited, 10,000 Rooiberg Tin Limited and 5,000 Natal Anthracite Colliery Limited were added to the portfolio. The acquisition of 100,000 shares of R2 each in Sasol Limited, previously reported, was completed on 2nd January, 1981.

NOTES:

(1) The net asset value for the half-year has been calculated before payment of the interim dividend.
(2) No provision for possible losses on future realisations of investments has been included in the results, as any necessary adjustment is made at the year-end.
(3) It should not be assumed that the results for the first six months of the financial year will be repeated in the remaining six months, because:—
   (a) income from investments does not accrue evenly throughout the year, and
   (b) the realisation of investments fluctuates in accordance with policy decisions and market conditions.
(4) The results for the period are not directly comparable with those for the first half of the previous financial year. Revenue has been adversely affected by some R170,000 through a change in the accrual dates of certain dividends previously brought into account during the first half of the financial year.

For and on behalf of the Board,
B. J. JACKSON
M. D. HENSON } *Directors*

DIVIDEND NO. 17

An Interim Dividend (No. 17) of 15 cents per share in the currency of the Republic of South Africa has been declared in respect of the year ending 30th June 1981 (1980 Interim: 10 cents per share).

The dividend is payable to members registered in the books of the company at the close of business on 6th February, 1981 and is declared subject to conditions which can be inspected at or obtained from the company's Johannesburg office, or the office of the London Secretaries (Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE).

Subject to the said conditions, payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 2nd March, 1981; provided that in the event of the company's bankers being unable to quote a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such rate is quoted.

Dividend warrants will be posted from the Johannesburg office or from the office of the London Secretaries, as appropriate, on 13th March, 1981.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will be closed from 7th to 14th February, 1981, both days inclusive.

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: D. J. Barrett

Head Office and Registered Office:
Consolidated Building,
corner Fox and Harrison Streets.
JOHANNESBURG 2001.
(P.O. Box 590, Johannesburg 2000.)

21st January, 1981

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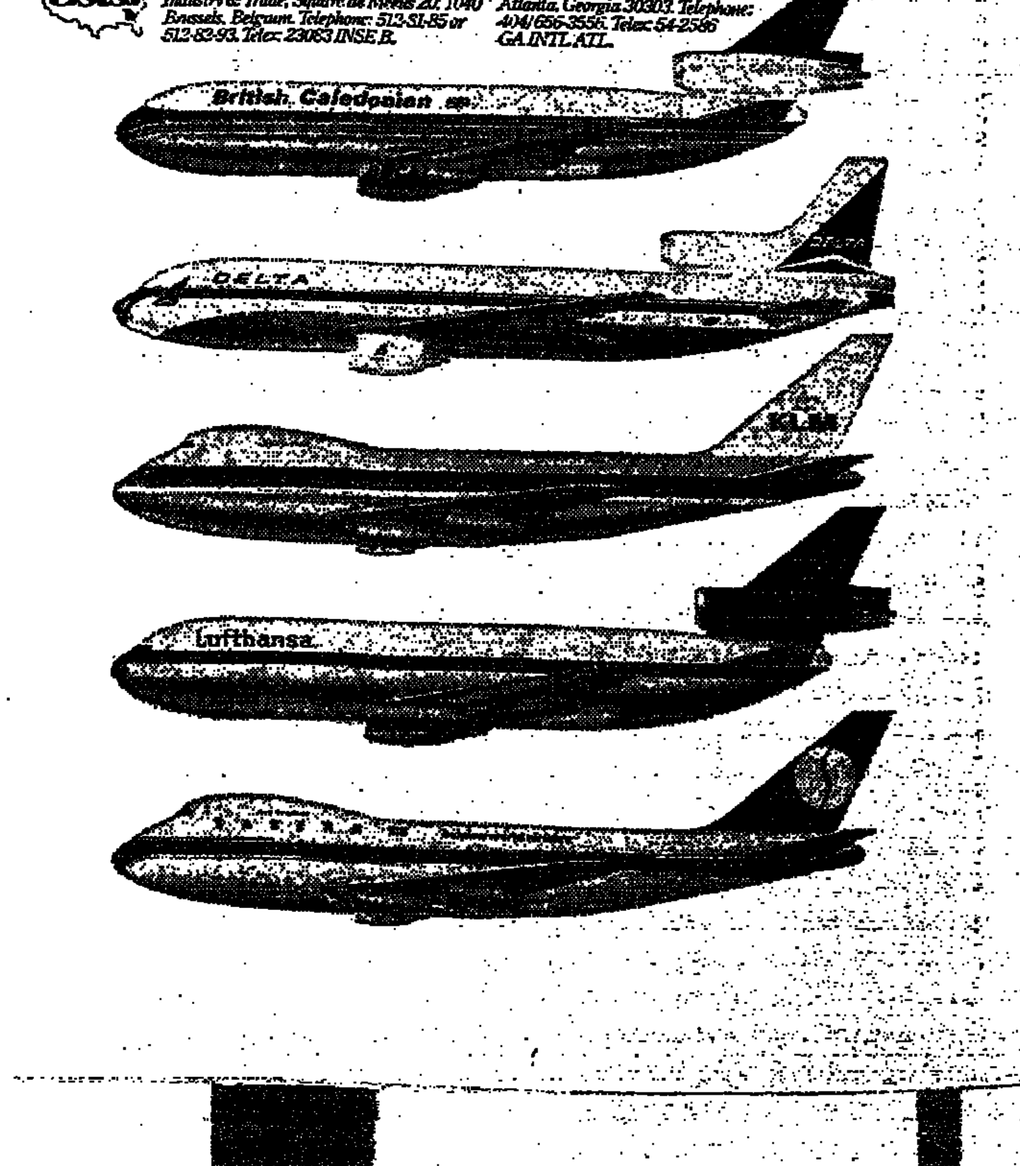

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar lost ground in late European trading, reflecting the lower trend in Eurodollar interest rates. Earlier in the day firmer interest rates helped the U.S. currency, but the situation over the hostages and the payment of $8bn of frozen funds into Iran's escrow account was a confusing factor.

Sterling was generally firm, tending to improve on the uncertainty surrounding the Iranian situation, finishing at its highest level against the dollar since January 6, and equal to the seven-year peak touched in November against major currencies in general.

European currencies were slighly improved against the dollar after a weak start, but there was little movement within the European Monetary System. The French franc was again the strongest EMS member, followed by the Dutch guilder.

DOLLAR — trade-weighted index (Bank of England calculation) was 86.8 against 86.9. The dollar was firm during the morning, but eased in nervous late trading as the market waited for news of the release of the hostages. It fell to DM 1.9990 from DM 2.0060 against the D-mark, to SwFr 1.8160 from SwFr 1.8250 in terms of the Swiss franc, and to Y200.60 from Y202.00 against the Japanese yen. Although it was feared that Iran may divest its dollar holdings, there was also speculation that the Iranians will retain dollars to repay debts.

STERLING — trade-weighted index (Bank of England) rose to 80.2 from 80.1, after opening at 80.2 and easing to 80.1 at noon. The pound opened at $2.4220-2.4230, and improved to a peak of $2.4240-2.4250, as the dollar eased on disappointment at the hold-up in the release of the hostages. Later in the morning sterling fell to $2.4070-2.4085, but was steady around $2.4150 for most of the afternoon, before closing at $2.4190-2.4200, a rise of 1.25 cents on the day.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position, and slower than expected economic growth rate. The steadier trend in U.S. interest rates has also depressed the D-mark with tension over Poland still a market factor— The D-mark eased slightly against the dollar at the Frankfurt fixing without any intervention by the German Bundesbank. The U.S. currency was fixed at DM 2.0075, compared with DM 2.0017, showing little reaction to the U.S. hostage situation in Iran. The inaugural address of President Reagan was considered a more important factor, with the market watching closely for indications of economic emergency action. Sterling was firm, rising to DM 4.8425 in the afternoon, from DM 4.8360 at the Monday fixing.

ITALIAN LIRA — Weakest member of the EMS, but steadier recently as the deepening recession has cut imports and helped contain inflation — The lira declined against most members of the EMS and other major currencies at the Milan fixing. Sterling rose to a record L2,301.60 from L2,297.80, and the dollar improved to L953.05 from L951.10, while the Swiss franc rose to L523.10 from L521.36, and the Japanese yen to L4.735 from L4.7190. The D-mark fell to L475 from L475.07; but other EMS members were slightly firmer, with the French franc rising to L205.48 from L202.29, and the Dutch guilder to L436.92 from L436.86.

JAPANESE YEN — Very firm, despite recent dollar strength, underpinned by Japan's improving economic performance — The yen continued to gain ground against the dollar in moderate Tokyo trading. The U.S. currency fell to Y201.55 from Y202.80,

THE POUND SPOT AND FORWARD

Jan. 20	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4070-2.4260	2.4190-2.4200	1.12-1.22c dis	−5.80	2.78-2.88dis	−4.68
Canada	2.8650-2.8830	2.8780-2.8790	0.85-0.95c dis	−3.75	2.10-2.25dis	−3.02
Nethlnd.	5.24-5.28	5.26½-5.27½	2½-1½c pm	4.55	5¾-4¾ pm	3.88
Belgium	77.50-78.15	78.00-78.10	23-13c pm	2.77	46-36 pm	2.10
Denmark	14.83-14.92	14.91-14.92	2¾-¼ore pm	1.00	¼ pm-1⅛dis	−0.18
Ireland	1.2920-1.3010	1.2970-1.2980	0.18-0.07p pm	1.16	0.33-0.17 pm	0.77
W. Ger.	4.81½-4.86	4.83½-4.84½	2⅞-1⅞pf pm	5.89	6⅛-5⅛ pm	4.85
Portugal	128.20-129.80	129.50-129.70	par-70c dis	−3.24	40-195 dis	−3.63
Spain	193.95-195.20	194.85-194.95	20-95c dis	−3.54	200-275 dis	−4.87
Italy	2,290-2,307	2,306-2,307	2½-4½ lire dis	−1.82	18-21 dis	−3.38
Norway	12.61-12.68	12.67-12.68	5-3½ore pm	3.85	8½-6½ pm	2.35
France	11.16-11.20	11.18½-11.19½	4¼-3¼c pm	4.02	9-8 pm	3.04
Sweden	10.68-10.76	10.74½-10.75½	6¼-7¼ore dis	−7.53	18¼-19¼dis	−7.00
Japan	482-490	485-486	3.05-2.35y pm	6.67	7.25-6.55 pm	5.68
Austria	34.10-34.40	34.35-34.40	13-9gro pm	3.84	33-27 pm	3.49
Switz.	4.37½-4.41½	4.39½-4.40½	3⅞-2⅞c pm	9.20	9⅛-8⅛ pm	8.07

Belgian rate is for convertible francs. Financial franc 78.25-78.35. Six-month forward dollar 4.22-4.32c dis, 12-month 5.30-5.50c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 20	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4070-2.4250	2.4190-2.4200	1.12-1.22c dis	−5.80	2.78-2.88dis	−4.68
Ireland†	1.8540-1.8640	1.8620-1.8640	1.00-1.10c dis	−6.77	2.40-2.56dis	−5.32
Canada	1.1904-1.1910	1.1907-1.1910	0.23-0.18c pm	2.07	0.52-0.47 pm	1.66
Nethlnd.	2.1775-2.1830	2.1790-2.1800	2.06-1.96c pm	11.07	4.95-4.85 pm	8.99
Belgium	32.20-32.28½	32.26-32.28	24½-23c pm	8.83	54-51 pm	6.51
Denmark	6.1585-6.1740	6.1620-6.1635	3.60-3.10ore pm	6.52	6.85-6.35 pm	4.28
W. Ger.	1.9870-2.0095	1.9985-1.9995	1.92-1.87pf pm	11.37	4.76-4.71 pm	9.47
Portugal	53.50-53.70	53.53-53.63	25c pm-par	2.80	45 pm-15 dis	1.12
Spain	80.50-80.75	80.60-80.70	30-10c pm	2.97	20 pm-15 dis	0.12
Italy	950.75-963.50	952.75-953.25	3¾-2¾ lire pm	4.09	4-3 pm	1.47
Norway	5.2165-5.2395	5.2385-5.2395	4.60-4.10ore pm	9.96	9.75-9.25 pm	7.25
France	4.6350-4.6435	4.6416-4.6435	3.80-3.70c pm	9.70	8.70-8.60 pm	7.41
Sweden	4.4285-4.4440	4.4420-4.4440	2.30-2.50ore dis	−6.50	5.30-5.50dis	−4.87
Japan	200.30-201.80	200.55-200.65	2.20-2.05y pm	12.71	5.25-5.10 pm	10.32
Austria	14.14-14.21½	14.19½-14.20½	12.30-11.70gro pm	10.14	30.25-28.75pm	8.31
Switz.	1.8110-1.8275	1.8155-1.8165	2.30-2.20c pm	14.87	5.70-5.60 pm	12.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.2	−24.1
U.S. dollar	86.8	−7.3
Canadian dollar	79.6	−18.6
Austrian schilling	146.1	+21.9
Belgian franc	110.8	+10.5
Danish kroner	100.8	−8.3
Deutsche mark	145.2	+39.1
Swiss franc	184.8	+75.0
Guilder	122.3	+17.1
French franc	95.8	−8.3
Lira	49.8	−52.8
Yen	146.7	+45.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 19	Bank rate %	Special Drawing Rights	European Currency Uuit
Sterling	14	0.525681	0.533744
U.S. $	13	1.26994	1.28819
Canadian $	16.97	1.51136	1.53334
Austria Sch.	6¾	17.9862	18.2698
Belgium F.	13	40.8984	41.5120
Danish K.	11	7.81966	7.93720
D'mark	7½	2.54204	2.58051
Guilder	8	2.76593	2.80697
French Fr.	9½	5.88363	5.97077
Lira	16½	1207.78	1225.14
Yen	7¼	258.052	259.828
Norwgn. Kr.	9	6.61956	6.72887
Spanish Pts.	8	102.346	103.918
Swedish Kr.	10	5.64171	5.72859
Swiss Fr.	3	2.31154	2.34837
Greek Dr'ch.	—	—	60.8284

OTHER CURRENCIES

Jan. 20	£	$		£ Note Rates
Argentina Peso	4821-4841	2000-2018	Austria	33.95-34.35
Australia Dollar	2.0395-2.0425	0.8450-0.8455	Belgium	77.50-78.30
Brazil Cruzeiro	163.68-164.68	68.10-68.44	Denmark	14.82-14.97
Finland Markka	9.36¼-9.37¼	3.8855-3.8865	France	11.12-11.24
Greek Drachma	112.286-115.441	47.25-47.55	Germany	4.82½-4.87½
Hong Kong Dollar	12.48¾-12.50¾	5.1770-5.1800	Italy	2315-2410
Iran Rial	175.00*	72.90*	Japan	485-491
Kuwait Dinar(KD)	0.654-0.660	0.2712-0.2714	Netherlands	5.24½-5.29½
Luxembourg Frs.	78.00-78.10	32.26-32.28	Norway	12.61-12.73
Malaysia Dollar	5.3525-5.3625	2.2190-2.2210	Portugal	127½-141
New Zealand Dlr.	2.5050-2.5100	1.0380-1.0390	Spain	189-199½
Saudi Arab. Riyal.	8.03-8.09	3.3305-3.3325	Sweden	10.69-10.79
Singapore Dollar	4.9900-5.0000	2.0685-2.0705	Switzerland	4.37½-4.42
Sth. African Rand	1.8100-1.8110	0.7480-0.7485	United States	2.40¾-2.42¾
U.A.E. Dirham	8.86-8.92	3.6710-3.6730	Yugoslavia	79-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.5458	+4.41	+1.15	±1.53
Danish Krone	7.72336	7.93910	+2.79	−0.47	±1.64
German D-Mark	2.48268	2.58051	+3.97	+0.71	±1.125
French Franc	5.84700	5.97316	+2.16	−1.10	±1.3557
Dutch Guilder	2.74362	2.80677	+2.30	−0.96	±1.512
Irish Punt	0.668201	0.691956	+3.56	+0.30	±1.668
Italian Lira	1157.79	1225.90	+5.88	+2.77	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.420	4.840	485.5	11.19	4.400	5.270	2307.	2.879	78.05
U.S. Dollar	0.413	1.	2.000	200.7	4.625	1.819	2.178	953.3	1.190	32.26
Deutschemark	0.207	0.500	1.	100.3	2.321	0.909	1.089	476.5	0.595	16.13
Japanese Yen 1,000	2.060	4.984	9.969	1000.	23.05	9.063	10.85	4751.	5.929	160.8
French Franc 10	0.894	2.162	4.325	433.9	10.	3.932	4.710	2061.	2.572	69.75
Swiss Franc	0.227	0.550	1.100	110.3	2.543	1.	1.198	524.2	0.654	17.74
Dutch Guilder	0.190	0.459	0.918	92.13	2.123	0.835	1.	437.7	0.546	14.81
Italian Lira 1,000	0.434	1.049	2.098	210.5	4.852	1.908	2.285	1000.	1.248	33.84
Canadian Dollar	0.347	0.841	1.681	168.7	3.887	1.529	1.831	801.3	1.	27.11
Belgian Franc 100	1.281	3.100	6.201	622.0	14.34	5.637	6.752	2955.	3.688	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 13/16	offer 18 15/16	bid 17 3/8	offer 17 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14-14¼	19⅝-19⅞	15-16	9 1/16-9¼	2-2¼	8¾-8⅞	10⅜-10⅝	14-16	10½-11	8¼-8¾
7 days' notice	14-14¼	19⅝-19⅞	16-17	9 1/16-9¼	2¼-2¾	8¾-8⅞	10⅜-10⅝	14¼-16¼	11-11½	8-8¼
Month	14¼-14⅜	19½-19¾	17⅝-17¾	9⅛-9¼	5⅜-5½	9-9⅛	10 7/16-10 11/16	15½-16½	11¾-11⅞	8-8¼
Three months	14 3/16-14 5/16	18½-18¾	16⅞-17¼	9⅜-9½	5½-5⅝	9-9⅛	11-11¼	17¼-18¼	12 7/16-12 9/16	8¼-8½
Six months	13⅝-13¾	17¼-17½	15¾-16⅛	9 7/16-9 9/16	5 7/16-5 11/16	9-9⅛	11 13/16-12 1/16	17½-18⅛	12⅜-12½	8⅜-8⅝
One Year	13 7/16-13 9/16	15 15/16-16 1/16	14¾-15⅛	9¾-9⅞	5⅛-5⅝	8 13/16-9 1/16	12 11/16-12 13/16	18-19	12½-12⅝	8½-8¾

SDR linked deposits: one-month 14 5/16-14 9/16 per cent; three-months 13⅞-14⅛ per cent; six-months 13¾-13⅞ per cent; one year 12 27/32-13 1/16 per cent.

Asian $ (closing rates in Singapore) one-month 19¾-19⅞ per cent: three-months 18¾-18⅞ per cent; six-months 17⅝-17¾ per cent; one year 15⅞-16 per cent. Long-term European two years 15⅛-15¼ per cent; three years 14⅞-15 per cent; four years 14⅝-14⅞ per cent; five years 14½-14¾ per cent: nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.15-19.25 per cent; three-months 18.40-18.50 per cent; six months 16.80-16.90 per cent; one year 15.70-15.80 per cent.

INTERNATIONAL MONEY MARKET

Sweden bank rate up

The Bank of Sweden increased its discount rate yesterday from 10 per cent to 12 per cent, almost a year after the previous increase on January 18, 1980, from 9 per cent to 10 per cent. At the same time the penal rate, imposed on banks borrowing funds from the central bank above a certain level, has been increased to 17 per cent from 13 per cent. As from January 26, commercial banks' reserve ratio requirements are to be increased to 4 per cent from 2 per cent. Yesterday's credit tightening package was introduced principally to counter the effects of Sweden's poor balance of payments position, with an increase over a current account deficit in 1980 of SKr 20.5bn to SKr 22.8bn in 1981 projected in the latest draft budget.

In Paris the Bank of France bought first category paper from the market at an unchanged rate of 10¾ per cent. Total purchases were put at FFr 7.5bn, with maturity dates between February 1-10. In the money market call money remained at 10¼ per cent.

In Frankfurt the Bundesbank announced its intention not to hold a press conference following today's meeting of the central council. In the money market, call money was unchanged at 9.15 per cent with longer term rates also static compared with Monday.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

A large excess of revenue transfers to the Exchequer (principally tax payments) over Government disbursements was cited as the main factor behind a shortage of day-to-day credit in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised moderate purchases of Treasury bills both from banks and discount houses, and a small number of local authority bills and commercial bank bills, all direct from discount houses. The latter were paying around 13¾ per cent for secured call loans at the start, with later balances taken at 13½-13¾ per cent. Also working against the market there was a small net take up of Treasury bills to finance.

In the interbank market overnight loans opened at 13¾-14 per cent and rose to 14-14¼ per cent before coming back to 13¾-14 per cent around noon. During the afternoon rates returned to 14-14¼ per cent but closing balances were taken in the region of 13¼ per cent.

GOLD

Slight fall

Gold fell $3 to close at $563-566, in nervous London bullion trading, influenced by the confusion over the U.S. hostages in Iran. The metal opened at $566-569, the highest level of the day, and was fixed at $563.50 in the morning and $562.00 in the afternoon. It touched a low point of $561-564.

In Paris the 12½ kilo gold bar was fixed at FFr 90,000 per kilo ($602.91 per ounce) in the afternoon, compared with FFr 90,000 ($604.27) in the morning, and FFr 90,450 ($607.23) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,385 per kilo ($564.54 per ounce), compared with DM 36,000 ($599.61) previously, and closed at $561-564, against $565-569.

In Zurich gold finished at $561-564, compared with $565-568.

	Jan. 20		Jan. 19	
Gold Bullion (fine ounce)				
Close	$563-566	(£233-234¼)	$566-569	(£235-236¼)
Opening	$566-569	(£233⅝-234⅞)	$556-559	(£230½-231¼)
Morning fixing	$563.50	(£233.527)	$558.75	(£231.175)
Afternoon fixing	$562	(£232.712)	$566.75	(£234.922)
Gold Coins				
Krugerrand	$584-587	(£241½-242¾)	$582-585	(£241½-242¾)
1/2 Krugerrand	$299-303	(£123¾-125¼)	$298-302	(£123¾-125½)
1/4 Krugerrand	$152-156	(£62¾-64½)	$152-156	(£63-64¾)
1/10 Krugerrand	$61-65	(£25¼-26¾)	$61-66	(£25¼-27)
Mapleleaf	$580-582	(£240-240¾)	$578-582	(£240-241½)
New Sovereigns	$143-144	(£59-59½)	$142½-143½	(£59¼-59¾)
King Sovereigns	$168-170	(£69½-70½)	$165½-167½	(£68¾-69¾)
Victoria Sovs.	$168-170	(£69½-70½)	$165½-167½	(£68¾-69¾)
French 20s	$155-157	(£64-65)	$155-157	(£64¼-65¼)
50 pesos Mexico	$705-708	(£291½-293)	$703-706	(£291¾-293¼)
100 Cor. Austria	$550-554	(£227½-229¼)	$545-549	(£226¼-228)
$20 Eagles	$676-682	(£280½-282¼)	$678-682	(£281½-283¼)

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	19½-19¾
Treasury Bills (13-week)	15.46
Treasury Bills (26-week)	14.30

GERMANY

Discount Rate	7.5
Overnight Rate	9.15
One month	9.40
Three months	9.40
Six months	9.30

FRANCE

Discount Rate	9.5
Overnight Rate	10.5
One month	10.9375
Three months	11.5
Six months	12.5

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.0
Bill Discount (three-month)	8.90625

LONDON MONEY RATES

Jan. 20 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	13½-14¼	14	—	—	14¼-14⅝	13½-14	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14¼	14¼	—	14⅜	14½	13¾-14	—	—	—
One month	14 1/16-14⅛	14¼-14 7/16	14¼	15-15⅛	14 7/16	14½-14⅝	13¾	13	13⅞	14¾
Two months	14 1/16-14 3/16	14¼-14⅜	—	14¾-15⅛	14 5/16	14½	13⅝	12⅞	13⅝	14½
Three months	14⅛-13⅞	14⅛-14 5/16	14¼	14-14⅛	14 5/16	14½-14⅝	13½	12⅞	13¼-13 5/16	14
Six months	13 7/16-13¼	13 7/16-13⅝	13 7/16-13⅝	13½-13⅞	14	14¼	—	—	12⅝	13⅛
Nine months	13 3/16-13 1/16	13 1/16-13⅛	—	13⅝-13¾	13¾	14	—	—	—	—
One Year	13 1/16-12⅞	13 1/16-13 3/16	13⅜	13⅛-13½	13⅝	14	—	—	—	—
Two years	—	—	13½-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13⅝-13⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 5/16-13⅜ per cent; four-month trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12⅞-12 59/64 per cent; two-months 12¾-12 55/64 per cent; three-months 12 51/64-12 27/32 per cent. Approximate selling rate for one-month bank bills 13¾ per cent; two-months 13½-13 17/32 per cent; three-months 13 5/16 per cent; one-month trade bills 14½ per cent; two-months 14¼ per cent and three-months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.8847 per cent.

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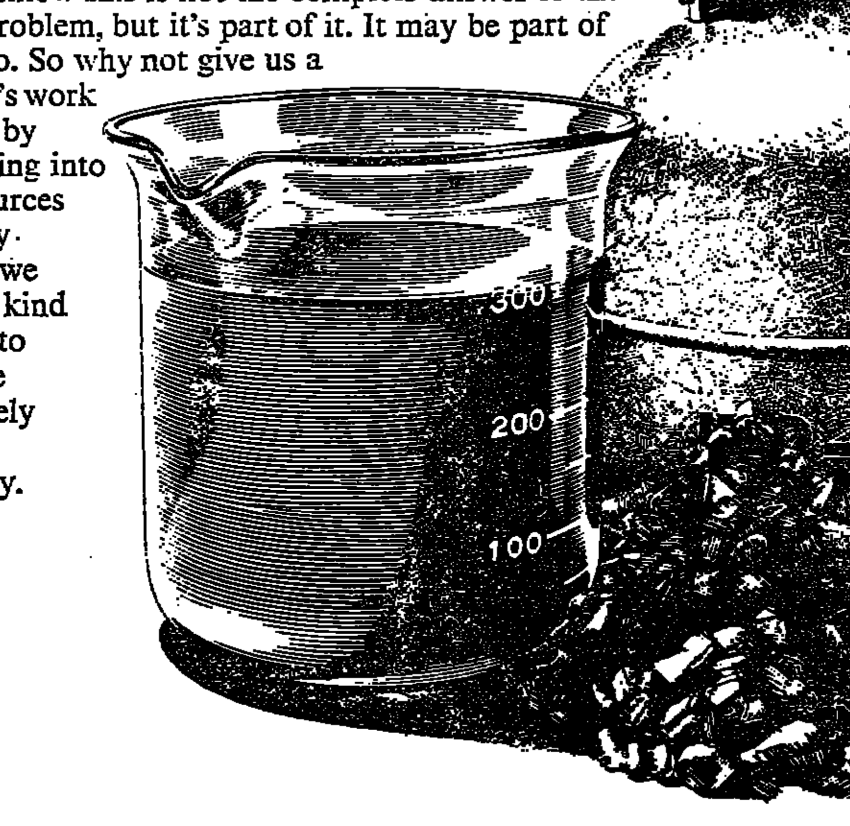

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Developing the Corporate Report– European Perspectives

Brussels, 25 February 1981

This Financial Times seminar, arranged in association with the Institut des Reviseurs d'Entreprises, is designed to give executives and finance directors an analysis of the emerging international trends in the field of annual reports and to examine the role of the international agencies and standard setting bodies.

The annual report is the principal means by which a company communicates information about its financial position, policies and prospects. Traditionally, much of the content has been determined by national legislation and convention and, for the most part, these presume that annual reports are documents for shareholders.

Large European companies can no longer look only to the national framework in determining the content of their company reports. They need to have regard to the work of agencies which look upon annual reports as multi-purpose documents serving shareholders, employees, governments and the public at large. In particular they need to pay close attention to the pronouncements and proposals of the EEC which are now having a major impact in reforming company law, accounting and disclosure throughout the Community.

This seminar will look at the relative advancement of individual European country's corporate reports in comparison with standards elsewhere in Europe and around the world. The aim is to provide participants with the maximum time for discussion and the opportunity for an exchange of views on issues raised by speakers.

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WORLD STOCK MARKETS

Early hesitancy on Wall Street

TRADING remained moderate as Wall Street moved within a narrow range throughout yesterday morning, awaiting the release of the American hostages and the inauguration of Mr. Ronald Reagan.

The Dow Jones Industrial Average was 0.94 easier at 970.05 at 1 pm, while the NYSE All Common index contrasted with a slight gain of 2 cents at $77.12. Advances led declines in the ratio of seven to six after volume of 25.91m shares, against Monday's 1 pm level of 26.36m.

Analysts said investors also remain cautious about the outlook for interest rates and the economy.

Commenting on the Reagan speech, they said that while setting an encouraging tone, it was not intended to be a policy statement and the market would have to wait a while for substantive news.

Alcoa rose ½ to $65½ despite news of lower fourth-quarter net earnings.

Manufacturers Hanover added ⅜ to $32. Its fourth-quarter results were higher. **Citicorp** lost ⅜ to $22⅞ after sharply lower December-quarter results. **First Pennsylvania**, up an ⅛ at $4⅞, reported a 1980 loss of $164.1m but said it hopes to report a profit in 1981.

Color Tile lost 1¾ to $20 bid in over-the-counter trading on lower second-quarter profit. **Dan River** added ⅜ to $18⅞ despite weak fourt-quarter results and a forecast that 1981 first-half results will be flat.

Santa Fe advanced 3½ to $105⅝. Its December-quarter results rose sharply.

THE AMERICAN SE Market Value Index improved 1.39 to 349.42. Volume 3.35m shares (3.69).

Canada

Shares remained easier-inclined in fairly active early trading. The Toronto Composite Index managed to improve 3.5 to 2263.2 at noon, helped by a gain of 25.1 to 449.5 in the Oil and Gas index, but losses led gains on the exchange by 205 to 150. Gold shed 11.7 to 4318.1.

Closing prices for North America were not available for this edition.

Tokyo

After Monday's good rise on news that the U.S. hostages were close to release, the market developed an easier tendency yesterday as further fairly active buying by foreign investors was outweighed by profit-taking on caution about high share prices and uncertainty over the Iran-Iraq war.

The Nikkei-Dow Jones Average lost 6.10 to 7,299.98, with declines as the First Market section outscoring advances by 351 to 320. Trading was active, volume reading 440m shares, compared with Monday's 280m.

High-priced Light Electricals, some Precision Instruments, Pharmaceuticals and Motors declined on profit-taking, along with some other Blue Chips while Oils, Coals and Trading Houses were also lower. However, Steels, Shipbuilding and a number of Speculatives gained ground.

Among Electricals, **Victor Japan** fell Y120 to Y2,770, **Sony** Y30 to Y3,200 and **Nippon Electric** Y12 to Y591 but **Pioneer Electronic** was a good exception, climbing Y160 to Y2,640 on foreign demand.

Arabian Oil lost Y140 to Y3,160, **Trading House Mitsubishi** Y10 to Y667, **Honda Motor** Y11 to Y518, **Fuji Photo Film** Y9 to Y957 and **Toho Rayon** Y7 to Y361. In contrast **Sumitomo Metal** rose Y4 to Y199. **Hitachi Shipbuilders** Y5 to Y197. **Kawasaki Heavy** Y7 to Y200, and **Toyo Rubber** Y31 to Y313.

Germany

Activity remained at a low ebb, with shares again closing easier for choice.

Amid rumours of a dividend rise and capital increase, **Preussag** traded actively up to DM 134.60, but later reacted on profit-taking to end 80 pfennigs off on the day at DM 132.00.

Still responding to news of the sale of a 10 per cent stake held by **Dresdner Bank** to the Kuwait DM 317 for a two-day gain of DM 5. Weak spots included **Deutsche Bank**, down DM 3.90, and **Siemens**, off DM 2.50.

On the Domestic Bond market, Public Authority paper tended lower with losses stretching to 55 pfennigs. The Bundesbank purchased DM 4.2m of stock. Eurobonds were mixed.

Australia

The Mining and Oil sectors sustained a widespread setback in light trading. There was a lack of overseas buying. Sentiment was depressed by worries over what effect the U.S. hostages deal would have on the markets. Industrials made a rather mixed showing.

The Australian All Ordinaries Index fell 7.7 to 686.7, while the Metals and Minerals Index lost 18.1 to 649.7 and Oil and Gas 18.0 to 944.1 after high-priced Resource issues came under late selling pressure.

Market leader **BHP** shed 10 cents to A$15.85, while among Mining Heavyweights **CRA** receded 24 cents to A$5.30, **MIM** 15 cents to A3.95, **Peko-Wallsend** 50 cents to A$9.00, **Western Mining** 24 cents to A$4.36 and **EZ** 20 cents to A$7.10.

In the Oil and Gas group **Strata Oil**, strong of late, declined 15 cents A$4.20 as traders awaited a report on the rumour-prone Woodada No. 3 well in the Perth Basin. **Woodside** lost 8 cents to A$3.08 and **Bridge Oil** 20 cents to A$6.00. However **Santos** hardened 10 cents A$17.40 on the strength of encouraging gas flows from the Marabooka No. 1 well in the Cooper Basin.

Among Oil Shales **Mining Houses**, which has announced a joint venture agreement with the Rundle oil shale twins, dipped 50 cents to A$4. **Central Pacific** lost 20 cents to A$7.30 and **Southern Pacific**, the other Rundle twin, slipped 45 cents to A$2.40.

Switzerland

Bourse prices were inclined to ease in thin dealings. Dealers said the change in Government in the U.S. was causing some people to hesitate until they get a clearer picture of the Reagan Administration's economic plans. One market source said the dollar's strength against the Swiss franc was dampening trading activity.

Milan

Stocks were mixed as the market underwent some settlements and speculative sales in a correction to the large gains of recent sessions.

Brokers said yesterday's pause was "expected and necessary" and that the bullish trend would probably resume soon.

Italmobiliare rose 7.5 per cent to L140,400 on rumours of an imminent capital increase.

Hong Kong

Shares were generally little changed after quiet trading, with no new factors to affect sentiment. Dealers said there was considerable doubt about future market direction, although the bias of investors feeling was that the trend will be upwards.

There was a mid-morning flurry which briefly took the Hang Seng Index up 8 points, but the rally faded to leave the index only 0.52 higher on the day at 1591.66.

However **Swire Pacific 'A'** stood out strongly, advancing 50 cents to HK$15.00, still reflecting expectations of good earnings this year. Subsidiary **Swire Properties** also rose 50 cents to close at HK$15.50.

Johannesburg

Local buying interest left gold prices slightly firmer, but trading remained quiet due to operator hesitancy caused by the U.S. hostages situation. Most shares recorded small gains, although the **Rand Mines** group of companies were mixed following quarterly results.

NEW YORK

CANADA

Stock	Jan. 19	Jan. 16
Abitibi	24	24
Agnico Eagle	15⅝	16½
Alcan Alumin	40	40¼
Algoma Steel	39¾	39¼
Asbestos	29¾	30
Bk Montreal	32⅜	32⅛

BELGIUM (continued)

Jan. 20	Price Frs.	+ or —
Petrofina	5,070	—90
Royale Belge	4,450	....
Soc Gen Banq.	2,100	....
Soc Gen Belge	1,174	....
Sofina	2,925	+25
Solvay	2,480	....

HOLLAND

Jan. 20	Price Fls.	+ or —
ACF Holding	72.8	....
Ahold	70.5	—1.5
AKZO	17.0	—0.2
ABN	275	—3
AMEV	92.0	—0.5
AMRO	57.5	—0.8

AUSTRALIA

Jan. 20	Price Aust. $	+ or —
ANZ Group	4.30	—1.14
Acrow Aust	1.00	....
Allstate Expl	1.55	+0.05
Ampol Pet	1.73	+0.01
Assoc. Pulp Pap.	2.25	+0.05
Audimco	0.22	....
Aust. Cons. Ind.	2.15	—0.15

JAPAN (continued)

Jan. 20	Price Yen	+ or —
Kubota	358	....
Kumagai	368	—3
Kyoto Ceramic	3,200	....
Lion	526	—8
Maeda Cons.	490	+4
Makita	960	—12
Marubeni	377	—3

Indices

NEW YORK ACTIVE STOCKS

Fears grow for sugar refinery

BY JOHN EDWARDS, COMMODITIES EDITOR

CONCERN IS GROWING that Tate and Lyle, which provides some 50 per cent of Britain's sugar supplies, will announce the closure of its Liverpool cane sugar refinery when giving its preliminary results tomorrow.

The closure would mean the loss of over 1,500 jobs in a high unemployment area and provoke fierce protests from Commonwealth developing countries who have traditionally supplied the bulk of UK sugar.

It was confirmed yesterday that talks were being held in London between senior management of Tate and Lyle and representatives of the shopfloor action committee at the Love Lane refinery in Liverpool.

Tate and Lyle said the meeting had been held at the request of the shop stewards and that it was "pure speculation" to suggest the closure of the Liverpool refinery was being considered.

It would be a breach of Stock Exchange regulations to make any comment prior to the announcement of the preliminary results, said the company.

Cane sugar producing countries have already expressed concern at the possibility of the forced closure of the Liverpool refinery because it would reduce the 1.3m tonnes they send to the EEC under the Lomeé Convention.

The Ministerial Council of the Caribbean Community (Caricom) at a meeting in Jamaica claimed the threatened closure of one of Britain's cane sugar refineries brought into question the assurance given by the UK on joining the Common Market that former suppliers under the Commonwealth Sugar Agreement would be protected.

This pledge resulted in a special protocol under the Lomé Convention between developing countries and the Community guaranteeing the EEC would import 1.3m tonnes of cane sugar annually.

But since Tate and Lyle refineries provide the sole outlet for over 90 per cent of the Community's cane sugar imports, it is feared the closure of the Liverpool refinery would force a cut in these imports undermining the political guarantees.

In this way, it is argued, the powerful sugar beet lobby in the Community, led by French growers but supported by the expanding British beet industry, will indirectly achieve its objective of cutting down supplies from cane producing countries.

Lord Jellicoe, Tate & Lyle chairman, warned in October that unless proposals by the EEC Commission to cut Community beet production were approved, the company would be forced to consider reducing its refining capacity still further.

Tate & Lyle has already closed several refineries because of the loss of Australian sugar supplies when British joined the EEC and increased competition.

The stage has been reached where the only further significant cut that could be made by Tate & Lyle is the closure of its ageing Liverpool refinery.

Liverpool will require considerable investment in new plant and equipment shortly and it is argued it would make greater economic sense for Tate & Lyle to expand production at its more efficient Silvertown refinery in London.

Nick Garnett writes: Lord Jellicoe has called a special Board meeting this morning after pressure from shop stewards at Liverpool for a statement from the company on the future of the Merseyside refinery.

The outcome of the Board meeting is expected to be conveyed tomorrow to shopfloor representatives at Liverpool by Mr. Charles Runge, managing director of Tate and Lyle refineries.

NZ butter agreement extended

By Our Brussels Correspondent

A FURTHER temparary extension for the import of New Zealand butter into the European Community was approved in Brussels yesterday.

But the French made clear they were approving the measure with great reluctance, and then only to grant the legal basis for the issue to be raised again at next month's Council of Agriculture Ministers.

The extension lasts until February 10, the second day of the next scheduled council meeting.

It was agreed yesterday morning in the EEC's special committee for agriculture and approved by the Council of Foreign Ministers in the afternoon.

The Council of Agriculture Ministers due to have met on Monday was to resume discussion on a permanent renewal of the New Zealand agreement, which has become a contentious issue between Britain and France.

However, this council was postponed until February to allow time for a new Agriculture Commissioner to be appointed in succession to Mr. Finn Olav Gundelach, who died of a heart attack last week.

Britain, supported by the European Commission, is seeking a new three-year agreement for its traditional trading partner.

France is insisting on a single year, arguing that any longer-term agreement would be inappropriate ahead of this year's planned review of the Common Agriculture Policy.

New Zealand's previous agreement expired at the end of the year but was continued after heated debate into January so Britain could import 7,920 tonnes, a twelfth of New Zealand's 1980 quota of 95,000 tonnes.

COMMON FISHERIES POLICY

Big catch eludes the Community

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission is making strenuous efforts to design further compromise proposals that will allow the main EEC fishing nations to resume their negotiations towards establishing a Common Fisheries Policy (CFP).

But many of those involved in the preparations for the resumption of talks, both in the commission and in the national delegations here, hold out little hope that final agreement can be reached at the Council of Fisheries Ministers on Tuesday in Brussels.

Progress

Commission officials visited London, Paris and Dublin last week in an effort to sound out official opinion. They are seeing other national delegations in Brussels this week, including one from Denmark.

The commission directorate responsible for fisheries is to present its latest ideas today to a full meeting of the commission and to the committee of permanent representatives here of the ten EEC member countries.

In spite of these efforts, however, it is unlikely that much progress can be made at next week's council meeting.

The Ministers will be faced with the daunting task of digesting a new set of complex proposals at a one-day meeting. The commission presentation will be led by a newly appointed commissioner who has just taken over the portfolio.

Mr. Georges Kontogeorgis, the commissioner appointed at the first of the month with the accession of Greece to the EEC, was to have taken up the fisheries responsibilities progressively under the tutelage of Mr. Finn Olav Gundelach, the former commissioner for fisheries.

However, with the death of Mr. Gundelach last week, Mr. Kontogeorgis has been thrown into these complex, and often acrimonious, negotiations with little time to prepare.

The more optimistic observers feel next week's council meeting could agree there is a renewed atmosphere in which talks can take place. If this proves to be the case, then a second council meeting is likely to be held early in February.

The more pessimistic observers fear that Tuesday's meeting could break up in a heated fight over any one of several issues, three of which are highly contentious.

The most difficult of these is the renewed French demand that Britain's coastal waters be opened to all EEC fishermen.

Another is West Germany's inability to fish in Canadian waters because final approval of a new Brussels-Ottawa agreement has been linked to the current CFP negotiations.

Compromise

The third is Danish demands on overall quotas and extra rights for Greenland to fish salmon and shrimp.

December's fisheries council broke up in disarray after a marathon session lasting two-and-a-half days and an entire night. The commission withdrew its latest compromise proposals after word from Paris that the French felt continued discussion on "access" in British waters was no longer possible.

The most significant progress has been made on quotas (see table), the latest proposals for which were considered to be very nearly acceptable to the member countries, with the possible exception of Denmark.

QUOTA PROPOSALS
(Latest figures discussed in Council)

	Tonnes ,000s*	Percentage of allowable catch
Belgium	21	1.9
Denmark	270	24.1
France	152	13.6
Ireland	45	4.0
Netherlands	83	7.4
U.K.	404	36.1
West Germany	145	12.9
EEC	1,120	100.0

* By value of cod equivalent of the seven main species: cod, haddock, whiting, plaice, saithe, redfish and mackerel.

Record UK grain output last year

By Our Commodities Staff

UK GRAIN production totalled a record 19.267m tonnes last year, 10.9 per cent up from 1979, according to latest estimates from the Home Grown Cereals Authority (HGCA).

The biggest rise was for wheat production which was estimated at 8.2m tonnes, up 1.04m.

This resulted from a 5 per cent increase in the area sown and an 8.8 per cent increase in the yield.

HGCA noted that wheat yields had risen significantly in recent years with the 1977-80 average being 19 per cent above the 1970-75 average.

The area sown to barley in the 1980-81 season was slightly down on the previous year but with yields rising 8 per cent, production gained 7.9 per cent to 10.37m tonnes.

Oats production rose to 622,500 tonnes from 542,000 tonnes in 1979. The oats yield averaged 4.17 tonnes per hectare compared with 3.99 tonnes per hectare in the previous year, the HGCA said.

In Washington, Mr. Bob Bergland, U.S. Agriculture Secretary, said 4m tonnes of wheat owned by the Commodity Credit Corporation (CCC) will be used to start the first U.S. food security reserve.

Tin prices continue sharp fall

BY ROY HODSON

TIN is at its lowest price levels for nearly three years after further falls in Penang and London and is leading international metals markets activity. Trading in most precious and base metals was hesitant yesterday as news of the release of the U.S. hostages in Iran was still awaited.

A high turnover in Straits tin ahead of the Chinese New Year holiday forced the Penang price down by another 85 cents to 30.25 ringits per kilo.

Tin is now within 24 cents of the International Tin Agreement's lower price range at which the floor price can be supported by the buffer stock manager.

The London market did not follow Penang right down and cash tin, after losing up to £40 in early trading, ended the day on the London Metal Exchange at £5,800, a fall of £20.

The Penang trading was the more remarkable because it took place during a public holiday in the city. Turnover there rose to 282 tonnes compared with 177 tonnes in the final day's trading last week. The continuing weakness of tin was attributed to poor demand from all sources.

On the LME, cash lead was up £6 at £282.5 and cash zinc was down £2 at £320.

Cash copper wirebars were down £4 at £771 and the market refused to be stirred by news of a miners' strike in one section of Zambia's industry.

Miners at the Konkola division of Nchanga Consolidated Copper Mines walked out over the expulsion of some of their union leaders from Zambia's only legal political party, according to union officials.

Moscow encourages private sector

MOSCOW—The Soviet Union by decree has announced a series of measures to encourage output of meat and other farm products from the private sector by dropping ideological curbs and introducing incentives.

There are no full-time private farmers in the Soviet Union but the output of small plots and smallholdings worked by collective farmers and other workers still accounts for about a quarter of agricultural output.

Ideological objections in the Communist Party leadership appear to have crumbled because of the state sector's admitted failure to supply enough meat and milk despite massive investments over the past 15 years.

The decree criticised many local party and state authorities who had "underestimated" the role of private plots and allowed their output to drop despite a softening of the official stance of total opposition which had existed in Khrushchev's time.

From now on state and collective farms will be able to conclude regular contracts with individual plotholders for the purchase of livestock, poultry and milk.

To encourage reluctant farm officials to implement the scheme, the decree says animals bought from the private sector under contract can be subsequently resold to the State and will count towards the farm's fulfilment of its plan.

Plotholders are promised a radical improvement in marketing arrangements for their products, and state and collective farms will now be obliged to help them obtain fodder for their animals.

Reuter

Strong backing for new brokers

A NEW commodity broking company, Anderson Man has been formed by Mr. David Anderson, former managing director of Commodity Analysis, E. D. and F. Man, the major London-based commodity merchants, and the English Association Group.

Each of the three backers will own one-third of the £300,000 issued share capital of the new company, which will be based in Sugar Quay, Lower Thames Street, London, EC3.

Juice option urged for apple growers

BY OUR COMMODITIES STAFF

THE MOST promising outlet for British apple growers' surplus production is to have the fruit processed into juice at existing plants with surplus capacity, according to a report commissioned by the Central Council for Agricultural and Horticultural Co-operation.

The report by Fintract International, considers the possibility of establishing a large-scale juicing plant, but concludes such a plant would be unlikely to produce juice at a price low enough to compete with imports.

The alternative of establishing small plants on a regional basis is ruled out because of problems in maintaining consistent quality and taste throughout the season and establishing a central marketing organisation.

By using existing capacity, growers could get into the market without having to bear the full overhead costs, says Fintrac.

"But it would necessitate growers committing supply and establishing a mechanism to purchase apples, and arrange for processing and the marketing of the end product."

The report sets out to investigate the scope for complementing the sale of fresh produce and improving the overall profitability of apple and pear production against a background of static consumption of fresh apples, slow demand growth for processing apples for pie fillings, baby foods, and cider.

UK apple juice consumption is estimated at 9.32m litres a year, worth £5.6m at retail prices.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. Three months opened at £797.5 and fell back in the morning. Rings to £794 on light selling but rallied well in the afternoon as a firm opening on Comex saw the price move up to close the afternoon Kerb at £798.5. Turnover: 1,925 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	770-1	+2.5	770.5-1.5	—4
3 months	794-.5	+2.75	798.5-9	—4
Settlem't	771	+2	—	
Cathodes				
Cash	754-5	—5.5	755-6	—2.5
3 months	776-7	+5	778-9	—1.5
Settlem't	755	+5	—	......
U.S. Prod	—		*88-91	......

* Amalgamated Metal Trading reported that in the morning cash wirebars traded at £771, three months £795, 94, 95, 94.5, 94. Cathodes, three months £777. Kerb: Wirebars, three months £794, 93.5, 94. Afternoon: Wirebars, three months £795.5, 96, 96.5, 96, 95, 93, 94, 94.5. Kerb: Wirebars, three months £796, 97, 98, 98.5, 99, 98.5.

TIN—Easier. The further sharp decline on the Penang market saw three months open lower at £5,890 but the market quickly moved ahead as short covering lifted the price to a high of £5,950 before a close on the late Kerb of £5,925. Turnover: 2,740 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5775-80	+25	5795-805	—28
3 months	5910-5	+5	5935-40	—37.5
Settlem't	5780	+25	—	.....
Standard				
Cash	5775-80	+25	5810-30	—20
3 months	5910-5	+5	5970-80	—57.5
Settlem't	5780	+25	—	.....
Straits E.	‡$30.25	—0.85	—	.....
New York	—	.....		

Morning: Standard, cash £5,780, 75, 80, three months £5,900, 5,895, 5,900, 10, 20, 15. Kerb: Standard, three months £5,920. Afternoon: Standard, three months £5,930, 35, 40, 35, 40, 45, 50, 40. Kerb: Standard, three months £5,940, 35, 30, 20, 15, 20.

LEAD—Gained ground as trade interest and short covering after the recent decline saw three months move up from £285 in early pre-market trading to touch a day's high of £295 before closing at £294.25. Turnover: 7,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	281.5-2	+1.5	282-3	+6
3 months	292.5-3.5	+.75	294-5	+6.25
S'ment	282	+1.5	—	......
U.S. Spot	—	......	*34-7	......

Morning: Cash £282, three months £291, 90.5, 91, 91.5, 92, 91.5, 91, 91.5, 92, 92.5, 93. Kerb: Three months £293, 92.5, 93. Afternoon: Three months £292.5, 92, 93, 94, 94.5. Kerb: Three months £295, 94.5, 95, 94.5, 94.

ZINC—Fractionally easier. Forward metal fell away in the morning as persistent selling from one quarter depressed the price from £336.5 to £331. However, this level attracted good support and three months recovered well to close the afternoon Kerb at £334. Turnover: 21,100 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	322.5-3	+3	319.5-20.5	—2
3 months	335-.5	+2.37	332.5-3	—2
S'ment	323	+3	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £337, 36.5, 36, 35, 35.5. Kerb: Three months £335.5. Afternoon: Three months £335, 34, 33, 32, 32.5, 32, 31.5, 32, 32.5. Kerb: Three months £333.5, 34.

ALUMINIUM—Moved narrowly between £611 and £614 for three months before ending the day at £613. Turnover: 5,275 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	590-2	+1	591-3	—2.5
3 months	612-.5	+1.75	612-3	—2.25

Morning: Three months 614, 13.5, 13. Kerb: Three months £613. Afternoon: Three months £612, 11, 12, 11.5, 12. Kerb: Three months £613.

NICKEL—Lower as vague rumours of possible producer price cuts promoted long liquidation and depressed forward metal from £2,620 to a close of the Kerb of £2,602.5. Turnover: 432 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2600-15	—15	2590-5	—45
3 months	2595-600	—12.5	2595-600	—22.5

Morning: Three months £2,620, 15, 05, 03, 2,600. Kerb: Three months £2,600. Afternoon: Three months £2,600, 2,595.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 5.8p an ounce higher for spot delivery in the London bullion market yesterday at 620.65p. U.S. equivalents of the fixing levels were: spot $14.97, up 12.1c; three-month $15.657, up 8c; six-month $16.232, up 2.7c; and 12-month $17.268, down 1.2c. The metal opened at 627-638p ($15.20-15.40) and closed at 620-629p ($15-$15.2).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	620.65p	+5.8	627.5p	—9.5
3 months	641.85p	+6.0	648.5p	—10.5
6 months	661.35p	+2.35	—	......
12 months	700.80p	+0.80	—	......

LME—Turnover: 183 (198) lots of 10,000 ounces. Morning: three months 648, 47, 44, 43, 44. Kerb: three months 644, 44.5. Afternoon: three months 650, 49. Kerb: three months 650.1, 50, 48.

COCOA

Cocoa futures remained weak throughout the day as further hedging of producer sales by trade houses caused prices to close near the lows. Little offtake was reported among consumers who continue their scale down purchasing policy, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	856-857	—13.0	866-856
May	882-883	—12.0	894-881
July	906-907	—11.0	917-905
Sept	928-929	—11.0	940-927
Dec	957-958	—11.5	968-957
March	978-980	—13.0	979
May	999-000	—9.5	—

Sales: 2,131 (2,239) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 19 96.41 (95.07): 10-day average 95.40 (95.55): 15-day average 96.17 (96.24).

COFFEE

During a fairly active day prices fluctuated in the recent range with pressure in nearby months from trade and commission house selling well absorbed in good volume, reports Drexel Burnham Lambert. There were no special features during the afternoon but differentials tended to widen as long liquidation continued in January and March.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1008-07	—16.0	1016-03
March	1032-33	—9.5	1036-26
May	1046-48	—5.0	1049-38
July	1061-62	—5.0	1065-53
Sept	1071-73	—7.0	1074-65
Nov	1074-80	—4.0	1073
Jan.	1075-94	—3.0	—

Sales: 2,440 (1,599) lots of 5 tonnes.

ICO Indicator prices for January 19: (U.S. cents per pound): Other Mild Arabicas 130.00 (132.33); Robustas ICA 1976 123.38 (same); ICA 1968 123.63 (same). Unwashed Arabicas 223.00 (same). Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged. Considerable selling pressure from commercial and trade sources depressed values on wheat to close 60p-65p lower on distants, but barley values remained firm. New crops saw a lack of buying support and values closed 35p down on wheat and 30p down on barley, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Jan.	105.80	—0.40	95.50	+0.10
Mar.	108.05	—0.55	98.60	—0.15
May	112.20	—0.60	102.40	—0.20
July	116.15	—0.60	—	—
Sept.	100.55	—0.35	95.70	—0.30
Nov.	104.35	—0.35	99.50	—0.30

Business done—Wheat: Jan. 106.20-105.75, March 108.60-108.00, May 112.80-112.15, July 116.55-116.10, Sept. 100.70-100.65, Nov. 104.50-104.45. Sales: 283 lots of 100 tonnes. Barley: Jan. 96.50-96.25, March 98.70-98.55, May 102.55-102.35, July no trade, Sept. 95.80-95.70, Nov. 99.65-88.60. Sales: 153 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Feb. 109, March 109.75 transhipment East Coast, sellers. U.S. Hard Winter, 13½ per cent: Feb. 104, March 104.50 transhipment East Coast, sellers. English Feed fob: April-June 117.00 East Coast seller. Maize: French: Jan. 121, Feb. 122.50 East Coast, sellers. South African Yellow: Feb.-March 89.50, sellers. Barley: English Feed fob: Jan. 101 25, April-June 107 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 95.00, S. West 95.00, W. Midlands 95.00, N. West 96.00. The UK Monetary Coefficient for the week beginning Monday, January 26 (based on H-GCA calculations using five days exchange rates) is expected to be 0.849.

RUBBER

The London physical market opened with little interest throughout the day, closing on a quiet note. Lewis and Peat reported an fob February price for no. 1 RSS in Kuala Lumpur of 305.25 cents a kilogramme and SMR 20 at 256 cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb.	57.10-57.50	57.50-57.70	—
Mar.	58.70-58.00	58.80-58.60	—
Apr-Jne	61.20-61.30	61.30-61.40	61.50-60.80
Jly-Sept	64.30-64.40	64.50-64.60	64.40-63.70
Oct-Dec	67.30-67.40	67.50-67.60	67.40-66.90
Jan-Mar	70.30-70.40	70.50-70.60	70.50-70.00
Apl-Jne	73.20-73.40	73.40-73.50	—
Jly-Sept	76.30-76.40	76.40-76.50	—
Oct-Dec	79.30-79.50	79.50-79.70	79.00

Sales: 259 (240) at 15 tonnes, none at 5 tonnes. Physical closing prices (buyer) were: Spot 56.50p (56.75p). Feb. 61.00p (60.50p), March 61.25p (61.00p).

SOYABEAN MEAL

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	124.30-24.5	—2.50	125.20-24.00
April	127.20-27.5	—2.05	128.50-26.80
June	128.00-29.5	—2.25	130.00-28.50
August	130.50-31.5	—1.85	133.00
October	129.60-30.2	—1.25	130.00-29.50
December	130.50-31.5	—1.0	—
February	151.00-54.0	—0.50	—

Sales: 72 (221) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £253.00 (£250.00) a tonne cif for Jan.-Feb.-March shipments. White sugar daily price was £283.00 (£279.00).

The market fluctuated within a £2 range from overnight levels before moving higher following improving New York quotations, reports C. Czarnikow.

No. 4 Con-tract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mch	275.25-75.50	264.00-64.60	276.75-68.25
May	275.00-75.20	265.70-65.75	276.00-66.50
Aug	269.00-69.50	265.50-61.50	270.00-62.50
Oct	263.00-63.50	257.00-58.00	264.00-58.00
Jan	244.00-44.60	241.00-48.00	246.00-45.00
March	248.00-44.00	240.25-40.75	246.00-43.00
May	246.50-46.00	238.00-41.00	244.00

Sales: 9,337 (13,015) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £339.50 (£335.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 19: Daily price 25.49 (25.90). 15-day average 29.12 (29.43).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 25 tonnes, bringing the total for the week so far to 128 tonnes. Trading was low after the increased activity last week. Modest quantities of Middle Eastern styles were under review, but the offtake in other qualities was severely restricted.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Jan. 342, 360, nil, nil; March 352, 356, 352-351, 3; May 358, 364, nil, nil; Aug. 370, 375, nil, nil; Oct. 370, 378, 374, 1; Dec. 377, 380, 379, 1; Jan. 380, 381, nil, nil; March 383, 388, nil, nil; May 384, 389, 385, 1. Sales 6.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per kilo. March 488.5, 489.0, 490.0-484.8, 152; May 506.5, 506.8, 507.0-501.0, 194; July 519.0, 519.0, 520.0-515.0, 334; Oct. 518.0, 518.5, 519.0-514.0, 85; Dec. 522.5, 523.0, 523.5-519.0, 104; March 529.5, 530.0, 530.0-526.0, 52; May 532.5, 533.0, 533.0-529.5, 10; July 538.5, 540.0, 538.5-537.0, 5. Sales: 936.

SOYABEAN MEAL

The London market opened with losses of £2.00 on commission house and stop loss selling, reports T. G. Roddick. Prices held steady at lower levels helped by trade buying and light consumer interest finishing with losses of £1.50-£2.00.

Sales: 160 (172) lots of 100 tonnes.

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PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 20 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1450/1460	....	$1450/470
Copper			
Cash w'bar	£771	—4	£803
3 mths	£794.75	—4	£822.75
Cash Cathode	£753	—2.5	£781
3 mths	£777	—1.5	£802.5
Gold troy oz	$564.5	—3	$604.5
Lead Cash	£282.5	+6	£314.5
3 mths	£294.5	+6.25	£325.5
Nickel	£3,226.57	....	£3,216*
Freemkt	280/290c	....	275/295c
Platin'mtr'y oz	£202	....	£208
Freemkt	£222.05	—4.05	£251.30
Quicksilver†	$365-375	....	$360/370
Silver troy oz	620.65p	+5.80	681.05p
3 mths	641.85p	+5	704.60p
Tin Cash	£5,800	—20	£6,235
3 mths	£5,937.5	—37.5	£6,361.5
Tungsten 22.04lb	$143.90	....	$141.97
Wolfrm 22.04 lb	$148/148	....	$140/143
Zinc Cash	£320	—2	£325.5
3 mths	£332.75	—2	£339.25
Producers	$823	....	$823
Oils			
Coconut (Phil.)	$620z	—10	$610
Groundnut	;	....	;
Linseed Crude	£412	—8	£460
Palm Malayan	$640x	+15	$622.5
Seeds			
Copra Philip	$415	—10	$420
Soyabean (U.S.)	$325	—5	$329
Grains			
Barley Futures	£98.60	—0.15	£98.60
Maize			
French	£121	....	;
Wheat			
No 1 Red Spg.	;	....	;
No2 HardWint	£104y	—1.25	£106.5
Eng. Milling†	;	....	;
Other commodities			
Cocoa ship't	£942	—13	£975
Future May	£882.5	—12	£899.5
CoffeeF t'Mar.	£1,032.5	—9.5	£1031
Cotton A.Index	100.05c	—0.60	99.30c
Rubber (kilo)	56.50p	—0.25	56.50p
Sugar (Raw)	£253	+3	£510
Woolt'ps 64s kl.	299p kilo	+1	297p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 76 lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES—All values were easier, with April finding strong support at £61, reports Coley and Harper. Closing prices: Feb. 49.20-30 (high 49.20, low 48.50): April 61.10-30 (high 61.30, low 60.90): Nov. 53.60-30 (high 53.80, low 53.50). Turnover: 105 (121) lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6 00, codlings £2.80-£5.00. Large haddock £4 80-£5.20, medium £3.80-£4.40. Large plaice £4.50-£4.80, medium £3.20-£3.60, best small £3.00-£3 50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 69.0 to 73.5. Ulster hindquarters 82.0 to 85.0, forequarters 53.0 to 58 0. Eire hindquarters 80 8 to 84.5, forequarters 53.4 to 55.8. Veal: Dutch hinds and ends 108 0 to 112.0. Lamb: English small 55.8 to 63.4, medium 55.5 to 60 5, heavy 52.0 to 58.0. Imported frozen: NZ pl new season 54.0 to 55.0, pm new season 53.0 to 53.5. Pork: English, under 100 lb 41.0 to 49.0, 100-120 lb 41.5 to 48.5, 120-160 lb 40.2 to 45.7. Pheasants: Best (per brace) 250.0 to 350.0, medium (each) 140.0 to 180.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 20. GB cattle 84.95p per kg lw (+0.37). UK sheep 137.83p per kg est. dcw (+3.00). GB pigs 68.10p per kg lw (+1.51).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 3.60-5.50; Spania: Navelinas 48/54/60 4.50, 70 4.20, 80 4.00, 90 4.00, 100/110 3.80.

AMERICAN MARKETS

NEW YORK, January 20.

POOR FUNDAMENTALS depressed the cattle markets, while anticipatory buying rallied the pork complex. Precious metals and copper rallied when all the selling, following the hostage release was quickly absorbed. Short covering moved coffee prices moderately higher.

Cocoa was basically unchanged in light trading. Trade support reversed early losses in cotton and the market finished fractionally higher. Sugar rallied on good buying interest from the Middle East and Latin America. Professional and commercial buying rallied soyabeans and maize while wheat finished mixed in a narorw range, reported Heinold.

Copper—Jan. 85.25 (84.30), Feb. 85.90 (85.05), March 87.10-87.30, May 89.70-90.10, July 92.10, Sept. 94.10, Dec. 96.80, Jan. 97.70, March 99.50, May 101.15, July 102.80, Sept. 104.60. Sales: 7,000.

Potatoes (round whites)—March 143.9-14.1 (145.9), April 166.9-167.2 (170.0). Nov. 88 3-88.5.

Sugar—No. 11: March 27.90-28.00 (27.02), May 28 00-28.05 (27.24). July 28.10, Sept. 27.30, Oct. 26 90-27.00, Jan. 24.75-25.00, March 24.70, May 24.60-24 80. Sales: 11,197.

Tin—645.0-652.0 (651 0-659.0).

CHICAGO, January 20.

Lard—Chicago loose 20.25 (same).

Live Cattle—Jan. 62.90 (63.75), Feb. 64.87-64.97 (65.70), April 68.95-65.70, June 71.65-71.90, Aug. 72.35-72.15, Oct. 70.80, Dec. 72 70, Feb. 72.50.

Live Hogs—Feb. 45.70-45.75 (45 52), April 46.90-47.00 (46.55), June 52.10-52.05, July 53.20-53.25, Aug. 52.45, Oct. 51.00, Dec. 53.60, Feb. 58.90, April 56.90

‡‡Maize—March 376½-376 (374¾), May 385¼-385½ (383¼). July 389¾-389½. Sept. 384, Dec. 377¾-378, March 387.

Pork Bellies—Feb. 52 60-52.35 (51.35). March 53.30-53.00 (52.35), May 55.55-55.50, July 57.40-57.60, Aug. 56.65-56.75, Feb. —.

Silver—Jan. 1541.0 (1498.0), Feb. 1547.5-1550.0 (1505.0), March —, April 1592.0, June 1640.0, Aug. 1678.0, Oct. 1721.0, Dec. 1764.0, Feb. 1807.0, April 1850.0, June 1893.0, Aug. 1936.0, Oct. 1979.0, April 2100.0, June —.

†Soyabeans—Jan. 766½ (758½). March 785-786 (778), May 812-814, July 833½-833, Aug. 842, Sept. 839, Nov. 845-846½, Jan. 866.

‖Soyabean Meal—Jan. 222.5-223.0 (220.7). March 229 8-230.0 (226.9), May 237.5-238.5, July 244.3, Aug. 240.5, Sept. 247.0, Oct. 245.0, Dec. 246.4, Jan. 249.0-250.0, March —.

Soyabean Oil — Jan. 23.62 (23 85), March 24 25-24.18 (24.37), May 25.10, July 25.95-25.85, Aug. 26.20, Sept. 26.55, Oct. 26.90, Dec 27.35-27.40, Jan. 27.45-27.50, March 27.80-29 00.

†Wheat—March 493½-494½ (493¼), May 503½-502½ (504), July 492½-493, Sept. 507, Dec. 528, March —.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

WINNIPEG, January 20. §Barley—March 156.60 (156.60), May 158.40 (158.00), July 158.50, Oct. 159.00, Dec. 158.90.

Monday's closing prices

††Cocoa—March 2005 (1994), May 2053 (2043), July 2102, Sept. 2150, Dec. 2205, March 2260, May —. Sales: 1,522.

Coffee—"C" Contract: March 129 10-129.75 (133.00), May 131.60-131 90 (135.05), July 133.00, Sept. 133.80-134.00, Dec. 132.75-133.00, March 132.00, May 130 75. Sales: 1,770.

Cotton—No. 2: March 91 75-91.80 (92.77), May 93.00-93.15 (93.90), July 93.22, Oct. 88.60-88.80, Dec. 85.60-85.75, March 86 40-86.75, May 87.00-87.50, July —. Sales: 4,000.

*Gold—Jan. 562.5 (564.4), Feb. 564.5-566.0 (567.5), March 573.6, April 581.5-582.5, June 595.0-598.0, Aug. 611.0, Oct. 627.4, Dec. 642.6, Feb. 657.8, April 673.1, June 688.5, Aug. 703.9, Oct 719.4 Sales: 31,000.

Orange Juice—Jan. 114.0 (113.50), March 118.60-119.20 (113.20), May 121.40-121.50, July 122.50, Sept. 124.50-124.60, Nov. 124.75-125.50, Jan. 124.20-124 50, March 125 05-125.25, May 126.05-126 25. Sales: 3,000.

*Platinum—Jan. 532.0 (539.5), March 546.5 (553.5), April 550.0-552 0, July 571.0-573.0, Oct. 595.0-596.5, Jan. 617.0, April — Sales: 1,446.

¶Silver—Jan. 1509.5 (1511.0), Feb. 1520.0 (1520.0), March 1539.0-1545.0, May 1588.5, July 1633.0, Sept. 1677.0, Dec. 1742.0, Jan. 1763.5, March 1806.5, May 1849.5, July 1892.5, Sept. 1935.5. Sales: 4,000. Handy and Harman bullion spot 1538.0 (1490 0).

CHICAGO January 19.

Chicago Gold—Jan. 562.3 (562.5), March 573.5-573.0 (574.5), April 581.0, June 596.0-596 5, July 604.2, Sept. 619.5, Oct. 627 2, Dec. 642.5, Jan. 650.2, March 665.5.

§Wheat—SCWRS 13 5 per cent protein content cif St. Lawrence 285.15 (287.30).

EUROPEAN MARKETS

ROTTERDAM, January 20.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent: Feb. $232, March $234, April $236, May $238. U.S. No. 2 Red Winter: Feb. $224, March $226 April $228. U.S. No. 2 Northern Spring, 14 per cent: Feb. $246, March $246, April-May $223.50, May $224, June $225.50, June $228.

Maize—Spot $180, Afl $179, Jan. $179, Feb. $178, March $178.50, April-June $183 50, July-Sept. $184, Oct.-Dec. $180, Jan.-March $193.

Soyabeans—U.S. No. 2 Yellow Gulfports: Afl £316, Feb. $319, March $322.25, April $328.25, May 332, June $336.75, July $338.65, Aug. $340, Sept. $341, Oct. $342.50, Nov. $342, Dec. $348.75. Gulf-Argentine-Paraguay: May $330, June $331, July $332 sellers.

Soyameal—44 per cent protein: Afl $283, Jan. $282, Feb. $285, March $290, April-Sept. $304, Nov.-March $312. Brazil Pellets: Afl $295, Jan. $296, Feb.-March $297, April-Sept. $311.50.

PARIS, January 20.

Cocoa (FFr per 100 kilos)—March 930-940, May 950-970, July 970, Sept. 1010-1030, Dec. 1035-1050, March 1055-1070. Sales at call: Nil.

Sugar (FFr per tonne)—March 3215-3220, May 3170-3175, July 3120-3160, Aug. 3100-3150, Oct. 2940-2990, Nov. unquoted Dec. 2770-2830, March 2650-2750. Sales at call: 19.

INDICES

FINANCIAL TIMES

Jan. 19	Jan. 16	Month ago	Year ago
256.86	259.11	262.79	301.77

(Base: July 1, 1952=100)

MOODY'S

Jan. 19	Jan. 16	Month ago	Year ago
1203.1	1202.5	1232.8	1525.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 19	Jan. 16	Month ago	Year ago
Spot	432.96	432.74	442.65	428.04
Fut'rs	459.05	461.64	463.77	435.60

(Average 1924-25-26=100)

REUTERS

Jan. 20	Jan. 19	M'nth ago	Year ago
1692.7	1695.2	1751.5	1767.6

(Base: September 18, 1931=100)

Inflation and interest rate hopes dominate markets
Equity index up 5 points but Gilts lose early gains

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9

* "New time" dealings may take place from 9 am two business days earlier.

Optimism about lower inflation and interest rates continued as *the main incentive in London* stock markets yesterday. The equity sectors, particularly Properties, were looking forward to a cut in Minimum Lending *Rate before or in the Budget,* while the prospect of a marked fall in the rate of inflation this month was again of especial significance to Gilt-edged *securities. The final moves in the* U.S. hostages' situation were, of course, the subject of much discussion, but had little bearing on sentiment.

A *major source* of disappointment in the overall better performance of the two principal investment areas was the continued low level of trade in leading equities. Many were neglected but gradually edged higher, more on the absence of selling than because of renewed investment interest. This tendency was recognised by a 10 am gain of only 0.6 in the FT Industrial Ordinary share index, which extended its closing rise to one of 5 points at the day's best of 458.6.

Banks steadier

Of the sectors, Properties was undoubtedly one of the busiest, although price rises here were more widespread than of any size. Special situations and potential bid candidates were sometimes active with sentiment helped by two new bids, for *Inveresk and for Rosgill.*

Government stocks looked set initially to extend Monday's upturn. Demand from smaller investors together with further *switching operations brought* early gains ranging to ⅜, while the appearance of larger specialised funds enabled the Government broker to sell further supplies of the low-coupon stock **Treasury 3 per cent 1985 A.** Later in the session, however, sellers became more plentiful and all maturities reacted; the shorts finally showed gains extending to ⅛, but mediums and longs displayed scattered mixed changes ranging to ¼.

Demand for Traded Options improved and 984 deals were completed against Monday's 785. **Marks and Spencer** attracted a good business, recording 232 contracts, 126 in the January 110 series.

The major clearing banks regained some composure after Monday's setback which followed adverse comment. **Barclays,** at 400p, retrieved 5 of the previous day's decline of 15, while **Lloyds** rallied 3 to 330p as did **Midland** and **NatWest,** to 328p and 360p respectively. Discount Houses also made a firm showing. **Alexanders** rose 4 to 280p after comment on the preliminary statement, while **Union** gained 10 to 510p awaiting today's annual figures. **Allen Harvey and Ross** *added 10,* to *375p, in a thin* market and **Cater Ryder** appreciated 8 to 358p. Awaiting further developments in the Lloyds and Scottish bid situation, **UDT** *edged forward a penny to* 50p. Elsewhere in Hire Purchases, **Wagon Finance** rose 2 to 39p and **Moorgate Mercantile** put on 1½ to 21½p.

Firmer conditions returned to the Insurance sector but the volume of business was small. **Royals** closed 8 higher at 340p, while the new nil-paid regained 3 at 15p premium.

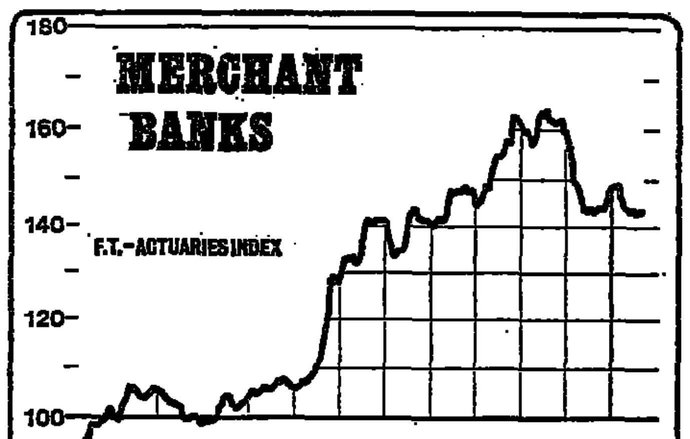
A quietly better trend developed in Breweries, with gains of 3 marked against **Bass,** 194p, and **Whitbread "A,"** 139p. **Davenports,** an old takeover *favourite,* put on 8 to 105p.

Leading Building issues traded firmly, but volume left a lot to be desired. Technical influences prompted a gain of 10 in *Tarmac,* 250p, *and one of 6 in* **Blue Circle,** 336p. **Costain** also firmed 6, to 180p, as did **Taylor Woodrow,** to 459p. Elsewhere, **Higgs and Hill** added 4 to 78p and **Crouch Group** *8 to 150p on* small buying. **Countryside Properties** improved 3 to 71p, the Board's optimistic statement outweighing the lower annual profits. **Sheffield Brick** put on 4 to 29p on the appearance of a solitary buyer.

House of Fraser down

A *depressed market of late on* fears about the preliminary profits and dividend, due to be announced on February 26, **ICI,** in a small turnover, touched 288p before *reverting to 286p.* **Fisons,** a recent casualty on the company's decision not to market its latest anti-asthma drug, improved a couple of pence to 140p, but **Blagden and Noakes** gave up 10 for a two-day fall of 14 to 38p on persistent small selling.

A penny or two firmer initially, **House of Fraser** reacted to finish a net 4 down at 125p following news from the extraordinary general meeting that shareholders had, as expected, voted for the Board's proposal to sell and lease back its D. H. Evans store in Oxford Street. Other *Store majors edged higher in* thin trading. Elsewhere, **Freemans,** 108p, and **Heelamat,** 92p, rose 6 and 5 respectively. **MFI Furniture** ended 4 to the good at 66p; *the interim statement is* due next Tuesday. **Rosgill** were marked up a penny to 29p following details of the proposed bid *from Lawncast Limited, a private concern.* **Lincroft Kilgour** *moved* up 1½ to 18½p ahead of tomorrow's preliminary results.



Up 21 the previous day on news of the agreed bid from Garnar Scotblair, **Booth International** touched a 1980-81 high of 57p before closing a peny up at 56p; *the former lost 5 to 69p.*

Leading Electricals trended a few pence firmer in the late dealings following the Government's statement on defence spending cuts. **Racal** *closing* 5 dearer at 303p and **Plessey** 3 harder at 263p. Elsewhere, **Ferranti** finished 8 to the good at 460p and **STC** 13 higher at *423p.* **Unitech,** *a poor market* of late following adverse Press mention, rallied 11 to 240p. Speculative demand left **MK Electric** 13 higher at 188p, while *other bright spots included* **Emess,** 7 dearer at 135p, and **Quest Automation,** a similar amount higher at 172p. In contrast, adverse Press mention caused a reaction of 9 to 74p in **Muirhead.** **Air Call** gave up 7 to 143p, while occasional offerings left **Berec** 3 lower at 55p.

Hawker were outstanding in the Engineering leaders with a rise of 8 to 244p, while **John Brown** were also noteworthy at 60½p, up 3½. Elsewhere, Westland turned easier on the chairman's warning that sales are unlikely *to rise in real terms during the* current year and reacted to 119p before settling at 123p for a fall of 5 on the day. **Davy Corporation** fell 5 to 147p on news that the company is to take legal action against the bid from Enserch Corporation. **McKechnie** encountered occasional demand and put on 4 to 89p, while **Haden Carrier** *were also supported at* 177p, up 5 and **Serck** firmed 3 to 34p.

Foods had a predominately firm appearance. Buying ahead of next Wednesday's interim results lifted **Associated Dairies** 6 to 196p, while **J. Sainsbury** *rose 8 to 368p.* **Northern Foods** came in for support and firmed 6 to 169p, but **Tate and Lyle,** preliminary results tomorrow, eased a penny to 141p. **British Sugar** touched 262p before closing only a penny firmer on balance at 258p. Speculative demand in thin markets lifted **Hazlewoods** 11 to 136p and **Bernard Matthews** 10 to 317p.

Trusthouse Forte hardened a couple of pence to 182p in front of today's annual results.

Pilkington good

The quiety firm miscellaneous industrial leaders were featured by **Pilkington,** which rose 10 to 260p in response to a broker's investment recommendation. Elsewhere, still reflecting recovery prospects, **Letraset International** added 5 more to 97p, while **AGB Research** improved a like amount to 225p in front of today's interim results. **European Ferries** found renewed support at 149p, up 4, while **London and Northern,** 31½p, and **Granada,** 191p, improved 1 and 3 *respectively on Press comment.* **Brengreen** remained popular at 48p, up 2½, while renewed speculative buying lifted **Gripperrods** 6 further to 102p. **Sharna Ware** *also closed 6 up, at 114p, and* **Sothebys** rose 7 to 450p. **BTR** rallied, 372p, and **J. Bibby** 232p, both gained 8 while **British Cinematograph Theatres** put on 5 to 68p and **Ashley Industrial Trust** revived with a rise of 6 to 49p. **English China Clays** put on 3 to 99p, but **Highgate and Job** encountered profit-taking and, at *37p, lost 3 of the previous day's* rise of 14.

Among Television issues, **Trident** firmed 3 to 47p in response to good preliminary results. **Hawley Leisure,** still benefiting from favourable Press comment, added 3 to a 1980-81 peak of 51p, while **Pleasurama** picked up 7 to 193p.

Properties made fresh progress on cheaper money hopes, but the leaders closed below the best, **Land Securities** finishing a net 6 dearer at 368p, after 370p, and **MEPC** only a penny firmer at 218p, after 220p. Elsewhere, **R. Green** jumped 7 to 84p on takeover hopes, but **Avenue Close,** the subject of a bid approach, shed 3 to 75p after announcing lower interim profits. Trading statements did, however, help **Estates Property Investment,** 7 to the good at 176p, and **Property Security Investment,** 4 firmer at 174p. Renewed interest lifted **Daejan** 4 to 162p and **Anglo Metropolitan** 3 to 87p.

Oils quiet

Interest in the oil market remained at a low ebb, with the majority of quotations fluctuating narrowly before closing a *few pence lower on balance.* Among the more speculative issues, **Candecca** found support and put on 8 to 206p, while **Pict Petroleum** firmed 10 to 320p and **Silkolene** a similar amount to 255p.

Further profit-taking in the absence of bid developments clipped 8 more from **Boustead,** 104p, in Overseas Traders.

Among Financials, **R. P. Martin** edged up 2 more to 157p for a two-day rise of 7, but news of the proposed rights issue left **Hampton Trust** 2½ lower at 62p.

Stag Line closed 20 higher at 395p, still on the possibility of a counter oer; **Hunting Gibson** is currently offering 355p cash per share.

Following the proposed capacity reductions, dealings resumed in **British Enkalon** at 5p compared with the suspension price of 7p.

Plantations displayed no set trend after a moderate business. **Malakoff** stood out with a rise of 7 to 105p.

Golds better

South African Golds shrugged off a minor decline in the bullion price and edged higher on light *buying and bear covering,* although activity remained at a low level.

The Gold Mines index recouped 2.2 to 353.0 after having *lost 15.5 over the previous two* days. Gains in the heavyweights ranged to around ½ as in **Vaal Reefs,** £34½, **Western Deep,** £23¼, and **Western Holdings,** £33¼, *while* the medium and lower-priced stocks showed **Free State Saaiplaas** 10 up at 352p and **Loraine** 12 better at 303p, the last-named ahead of the lower profits for the December quarter.

In South African Financials, **Rand Mines Properties** dipped 5 more to a 1980-81 low of 285p.

Australians sustained widespread and sometimes substantial losses in the wake of overnight domestic markets and the recent weakness of base-metal prices.

In the leaders, **Peko-Wallsend** dropped 20 to 445p, **Western Mining** 12 to 261p, **Pancontinental** 10 to 530p, and **North Broken Hill** 7 to 192p.

Golds fell across the board with **GMK** 10 cheaper at 400p, **Samantha** 6 down at 48p, and **North Kalgurli** 5 off at 66p.

The speculative issues remained under pressure. **Meekatharra** fell 25 to 405p, while several losses ranging from 3 to 5 were seen in lower-priced issues.

In Tins, the Cornish mines were easier on news that the Geevor Mine is in difficulties; **Geevor** were left 5 cheaper at 145p while **South Crofty** eased a penny to 21p and **South West Consolidated Minerals** a like amount to 31p.

FINANCIAL TIMES STOCK INDICES

	Jan. 20	Jan. 19	Jan. 16	Jan. 15	Jan. 14	Jan. 13	year ago
Government Secs.	68.53	68.55	68.05	68.06	68.47	68.39	68.76
Fixed Interest	70.35	70.22	69.98	70.24	70.33	70.27	69.42
Industrial Ord.	458.6	453.6	451.9	448.5	446.0	447.4	449.8
Gold Mines	353.0	350.8	360.4	366.3	366.6	372.8	318.6
Ord. Div. Yield	7.85	7.92	7.94	7.98	8.00	7.97	7.27
Earnings. Yld.%(full)	17.82	17.89	17.73	17.87	17.91	17.84	18.07
P/E Ratio (net) (*)	6.99	6.92	6.91	6.86	6.84	6.87	6.80
Total Bargains	20,061	20,656	20,642	19,667	20,117	19,583	24,657
Equity turnover £m.	—	85.83	104.66	100.29	118.98	87.99	173.50
Equity bargains total	—	14,562	14,277	13,876	15,191	14,625	19,663

10 am 454.2. 11 am 455.0. Noon 456.8. 1 pm 456.7.
2 pm 456.4. 3 pm 456.5.
Latest Index 01-246 8026.
*Nil=6.45.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'n High	Since Compil'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.98 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	658.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	45.5 (26/10/71)

S.E. ACTIVITY

	Jan. 20	Jan. 19
—Daily		
Gilt Edged	133.3	139.3
Industrials	90.6	87.8
Speculative	25.6	33.9
Totals	67.5	67.2
5-day Avrge.		
Gilt Edged	135.1	136.8
Industrials	86.3	86.0
Speculative	31.7	37.7
Totals	66.7	67.3

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (32)

BRITISH FUNDS (7)
Exchqr. 8¼pc '81 — Exchqr. 3pc 1983 A
Exchqr. 9½pc '81 — Fdg. 5½pc 1982-84
Exchqr. 8¼pc 1983 — Treas. 3pc 1985 A
Exchqr. 5pc 1983
BANKS (1)
Arbuthnot Latham
BEERS (1)
Morland
BUILDINGS (1)
Gleeson (M. J.)
STORES (1)
Rosgill
ELECTRICALS (1)
First Castle
ENGINEERING (1)
Haden Carrier
FOODS (2)
Avana Group — Hazlewood Foods
INDUSTRIALS (4)
BOC — Electl. & Inds. Secs.
Brengreen — Smith & Nephew
LEISURE (2)
Hawley Leisure — Medminster
PAPERS (1)
Mills & Allen
PROPERTY (2)
Green (R.) — Warner Ests.
SHOES (1)
Booth Int.
TEXTILES (1)
Stroud Riley Drmmnd.
TRUSTS (5)
Crescent Japan — Britannia Arrow
Drayton Far Eastern — Martin (R. P.)
G T. Japan
RUBBERS (1)
Malakoff

NEW LOWS (31)

AMERICANS (1)
Pennzoil
BANKS (1)
Bank of Ireland
BEERS (3)
Clark (Matthew) — Macallan-Glenlivet
Irish Distillers
BUILDINGS (1)
Vibroplant
CHEMICALS (1)
Blagden & Noaks
STORES (2)
Aquascutum A — Lowland Drapery
ELECTRICALS (4)
Air Call — Eurotherm
Berec — Normand Electrical
ENGINEERING (5)
British Aluminium — Spear & Jackson
Clayton, Son — Tecalemit
Redman Heenan
HOTELS (1)
Rowton Hotels
INDUSTRIALS (3)
Amber Inds. — Sangers
Blundell-Permoglaze
MOTORS (2)
Adams & Gibbon — Alexanders
TEXTILES (3)
British Enkalon — Tootal
Scott & Robertson
OILS (1)
Magnet Metals
TEAS (1)
Assam Dooars
MINES (2)
Rand Mines Props. — Bougainville

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	27	6	62
Corpns. Dom. and Foreign Bonds	2	2	58
Industrials	318	147	926
Financial and Prop.	142	64	292
Oils	17	28	23
Plantations	3	9	11
Mines	30	68	65
Others	34	56	62
Totals	573	380	1,499

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
European Ferries	25p	7	149	+ 4	192	98
Unitech	10p	7	240	+11	364	195
Assoc. Dairies	25p	6	196	+ 6	200	120
Bass	25p	6	194	+ 3	243	188
Brooke Bond	25p	6	44	+ 1	54	43
Grd. Metropolitan	50p	6	152	+ 3	167	120
ICI	£1	6	286	—	402	282
BAT Inds.	25p	5	232	+ 2	295	223
Beecham	25p	5	169	+ 1	179	108
GEC	25p	5	580	—	620	326
House of Fraser	25p	5	125	− 4	152	104
Letraset	10p	5	97	+ 5	142	85
Marks & Spencer	25p	5	115	+ 1	121	77
Plessey	50p	5	262	+ 2	285	108
Racal Elec.	25p	5	300	+ 2	370	175

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Stocks to attract money for the call included Northern Engineering, Royal Insurance, Strata Oil, ICI, Davy Corporation, John Brown, Charterhall, Premier Consolidated, Myson, Burmah Oil, Courtaulds, Charterhouse Petroleum, British Land, Alpine Holdings and Grattan Warehouses. Wearwell and Lasmo were dealt in for the put, while double options were arranged in Lonrho, Woolworth, English China Clays, Austin Reed A, Sound Diffusion and ICL.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p:	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
58	F.P.	5/2	335	308	✲Amer. Comm. Inds.	308	......	—	—	—	—
$100	F.P.	5/2	£411½	£381½	✲Do. Notes 20%	£381½	......	Q20%	—	20.8	—
610	F.P.	—	650	600	✲Cramphorn	650	......	16.5	2.1	3.6	18.8
5:	F.P.	—	7½	6½	✲Dunton 5p	7	......	—	—	—	—
107/	F.P.	12/1	134	113	Independent Inv. 25p	117	+1	—	—	—	—
70	F.P.	9/1	100	78	✲Midland Marts	88	......	b3.75	2.0	6.1	11.3
100	F.P.	23/1	116	97	New Tokyo Inv Tst 50p	116	......	—	—	—	—
50	F.P.	21/1	51	47	✲Pennine	50	......	—	—	—	—
**	F.P.	9/2	74	72	Westpool Inv. Defd	74	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	101½	......
"	F.P.	26/2	107¼	106½	Chester Waterworks 9% Red. Pref. 1985	107	......
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	105½p	......
"	F.P.	26/2	107¼	106¼	East Anglian Water 9% Red. Pref. 1985	107¼	......
"	F.P.	26/2	107½	106¾	East Worcester 9% Red. Pref. 1985	107	......
"	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	......
£100	£50	30/4	46	41	Lon. Merchant Secs. 7¾% CvUnsLn 2000-05	41	−½
99	F.P.	23/5	101	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. 186-88	101	+½
‖	F.P.	20/1	114p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	114p	+1
**	F.P.	21/1	100p	97p	Standard Industrial 11½% Pref	98p	......

"RIGHTS" OFFERS

Issue Price p:	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ◘	1980/81 High	1980/81 Low	Stock	Closing price p:	+ or −
30	Nil	—	—	7½pm	6pm	Benlox	6pm	−1
115	F.P.	12/1	26/2	141½	134	Brotherhood P.	137	......
184	Nil	29/1	13/3	10pm	5pm	Johnson, Matthey	5pm	......
140	F.P.	19/12	30/1	173	154	KCA Intnl.	158	......
35	F.P.	19/12	4/2	26½	25	L. K. Industrial	25	......
$A1.0555 cts	—	—	—	75	52	North Kalgurli Mines	39	−5
25	F.P.	21/1	13/2	25½	25	Prestwich Parker	25½	......
320	Nil	23/1	20/3	31pm	10pm	Royal Insurance	15pm	+5
78	F.P.	15/12	22/1	96	91	Scapa	95	......
60	F.P.	9/1	13/2	76	67	Security Centres	75	......
145	F.P.	19/1	16/2	202	174	Warren Plants	199	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p*‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ◘ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✲ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 8 12½% Cum. Pref.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues., Jan. 20, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 19 Index No.	Fri., Jan. 16 Index No.	Thurs., Jan. 15 Index No.	Wed., Jan. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	277.57	+1.1	15.32	5.95	7.95	274.60	273.00	272.28	272.97	229.74
2	Building Materials (27)	244.35	+2.1	18.98	7.07	6.28	239.25	238.88	237.65	237.92	219.09
3	Contracting, Construction (26)	414.43	+1.0	22.08	6.14	5.44	410.47	411.27	411.91	410.69	346.34
4	Electricals (27)	904.12	+0.6	10.04	2.90	12.26	898.33	889.89	888.13	893.66	583.35
5	Engineering Contractors (11)	374.44	−1.3	15.92	6.91	8.01	379.39	378.50	374.85	375.67	294.31
6	Mechanical Engineering (71)	165.43	+1.4	18.03	8.04	6.93	163.16	162.48	162.47	162.66	160.74
8	Metals and Metal Forming (13)	131.54	+1.4	20.30	12.69	6.23	129.66	129.75	128.61	127.24	159.85
9	Motors (21)	87.26	+0.7	23.46	9.67	4.94	86.67	86.98	87.01	86.88	111.99
10	Other Industrial Materials (15)	286.73	+1.5	16.09	7.52	7.38	282.38	278.74	277.55	278.46	0.00
21	CONSUMER GROUP (199)	231.94	+1.0	16.40	6.77	7.41	229.71	228.92	227.75	227.50	222.33
22	Brewers and Distillers (20)	253.77	+1.7	19.37	7.21	6.45	249.48	249.18	247.69	244.70	265.29
25	Food Manufacturing (23)	208.84	+0.7	16.87	7.54	6.30	207.46	205.96	204.68	204.17	202.30
26	Food Retailing (14)	468.92	+2.0	9.92	3.31	11.91	459.52	458.25	455.30	455.55	319.37
27	Health and Household Products (7)	250.50	+0.9	10.58	5.70	11.24	248.34	248.87	246.21	245.38	206.89
29	Leisure (22)	332.75	+1.3	16.62	6.69	7.56	328.64	327.38	328.55	329.25	297.75
32	Newspapers, Publishing (12)	425.07	+0.7	21.58	7.30	6.00	422.00	422.97	419.04	424.25	426.06
33	Packaging and Paper (15)	110.76	+0.2	29.15	10.96	3.97	110.51	110.52	108.94	108.85	124.83
34	Stores (44)	242.37	+0.6	12.28	5.20	10.67	240.97	239.22	238.15	239.08	217.87
35	Textiles (21)	122.86	+0.4	20.91	10.98	6.25	122.37	122.68	122.37	122.57	129.95
36	Tobaccos (3)	195.05	+0.8	29.42	11.94	3.87	193.57	194.06	194.06	194.26	216.68
39	Other Consumer (18)	236.44	—	16.21	9.07	7.61	236.51	235.78	234.13	235.07	0.00
41	OTHER GROUPS (78)	206.95	+0.8	19.22	8.28	6.21	205.25	206.41	207.50	203.63	199.39
42	Chemicals (15)	272.36	+0.4	21.59	9.74	5.41	271.17	274.86	276.16	277.19	293.96
44	Office Equipment (6)	95.23	+0.7	21.15	8.72	5.53	94.56	93.59	93.41	93.19	109.40
45	Shipping and Transport (12)	529.81	+1.8	14.46	7.09	8.47	520.39	520.58	518.82	522.19	430.80
46	Miscellaneous (45)	252.17	+1.0	17.57	6.75	7.01	249.71	250.06	252.85	255.18	236.77
49	INDUSTRIAL GROUP (488)	245.05	+1.0	16.40	6.68	7.39	242.65	241.91	241.24	241.51	224.68
51	Oils (12)	891.99	+0.2	26.92	5.90	4.14	890.61	898.45	871.68	859.89	700.97
59	500 SHARE INDEX	296.20	+0.8	18.87	6.50	6.24	293.87	293.80	291.10	290.43	262.51
61	FINANCIAL GROUP (118)	228.84	+0.8	—	5.83	—	227.09	228.66	227.25	227.95	192.03
62	Banks (6)	234.32	+1.0	43.56	7.23	2.74	232.09	236.65	234.61	236.63	224.92
63	Discount Houses (10)	297.41	+2.0	—	5.82	—	291.52	290.51	290.51	290.90	240.49
64	Hire Purchase (5)	206.32	—	11.79	5.07	11.45	206.40	202.64	198.51	196.51	182.86
65	Insurance (Life) (10)	228.69	+0.7	—	5.77	—	227.06	228.18	225.30	226.39	159.89
66	Insurance (Composite) (9)	142.94	+0.6	—	8.18	—	142.06	143.93	142.29	142.10	127.77
67	Insurance Brokers (9)	294.21	−0.3	15.66	7.87	8.75	295.08	299.59	295.89	295.06	294.83
68	Merchant Banks (13)	143.07	−0.3	—	5.41	—	143.46	143.25	143.58	143.21	98.31
69	Property (45)	442.82	+1.1	3.33	2.78	41.84	438.10	435.73	436.33	437.68	341.48
70	Miscellaneous (11)	166.79	+0.9	16.44	5.54	7.73	165.30	166.70	166.36	167.78	129.06
71	Investment Trusts (109)	272.57	+0.2	—	5.54	—	272.04	272.12	272.01	272.09	211.36
81	Mining Finance (3)	215.05	−0.4	15.25	6.23	7.81	215.98	214.30	214.48	213.89	185.99
91	Overseas Traders (20)	424.75	−0.5	12.09	6.92	10.07	426.77	429.34	420.65	420.28	377.61
99	ALL-SHARE INDEX (750)	282.43	+0.7	—	6.32	—	280.49	280.79	278.51	278.20	245.64

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 20	Day's change %	Mon., Jan. 19	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.31	+0.09	107.21	—	0.89
2	5-15 years	108.39	+0.02	108.36	—	1.23
3	Over 15 years	112.55	−0.02	112.57	—	0.23
4	Irredeemables	127.15	—	127.15	—	0.00
5	All stocks	109.14	+0.03	109.11	—	0.74

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Jan. 20	Mon., Jan. 19	Year ago (approx.)
1	Low Coupons	5 years	11.67	11.72	11.89
2		15 years	12.46	12.44	11.89
3		25 years	12.52	12.51	11.89
4	Medium Coupons	5 years ●	13.45	13.46	14.03
5		15 years ●	14.01	13.99	13.43
6		25 years	13.79	13.78	13.31
7	High Coupons	5 years	13.47	13.50	14.47
8		15 years	14.24	14.23	13.89
9		25 years	14.01	14.00	13.60
10	Irredeemables		11.59	11.58	10.96

		Tuesday, Jan. 20 Index No.	Tuesday, Jan. 20 Yield %	Mon. Jan. 19	Fri. Jan. 16	Thurs. Jan. 15	Wed. Jan. 14	Tues. Jan. 13	Mon. Jan. 13	Fri. Jan. 9	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.02	†14.23	51.96	51.97	52.00	52.16	52.14	52.16	52.04	50.87
16	Investment Trust Prefs. (15)	51.35	13.15	51.35	51.35	51.35	51.15	51.15	51.15	50.98	47.91
17	Coml. and Indl. Prefs. (20)	67.98	13.22	67.86	57.66	67.57	67.99	67.99	57.99	67.76	61.96

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p. ● Corrected yields for January 19.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM37.52	41.07	−0.05	—
Frankft. Effekt. Fd.	DM50.47	53.13	−0.10	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 | US$152.93 | ..... | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.75	1.80	.....	1.21
Anchor Gilt Edge	£9.08	9.14	+0.05	13.59
Anchor Int. Fd.	US$8.52	8.75	.....	1.70
Anchor In. Jsy. Tst.	39.0	41.7	.....	2.88
Berry Pac Fd.		US$60.38	.....	0.91
Berry Pac Strlg	£3.15	3.29	.....	1.26
G.T. Asia Fd.		HK$20.36	.....	1.23
G.T. Asia Sterling	£25.62	26.67	.....	1.56

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000

Guernsey Inc.	84.6	89.7	−0.6	5.33
Do. Accum.	114.5	121.4	−0.8	5.38
K.B. Eurobond Fd.	£8.91	9.01	—	9.31
K.B. Far East Fd.		US$26.30	—	1.52
K.B. Gilt Fund	£9.61	9.67	—	12.60
K.B. Int. Bd. Fd. Inc.		US$93.30	—	9.43
K.B. Int. Bd. Fd. Acc.		US$112.57	—	9.43

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

Deutschmark Bd.***†	9.24	9.74	—	5.65
Dlr. Fxd. Int.***†	US$7.89	8.42	—	8.91
St. Fixed***†	104.1	110.8	—	12.75
Yen Bond	Y988	1051	—	4.76

Equity Funds

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Continued on previous page

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[illegible]

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[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	[illegible]			
84	73½	Alcan 10½pc '89-94..	[illegible]			
30	25	Met. Wtr. 3pc 'B'	[illegible]			
104½	89	U.S.M.C. 9pc 1982	[illegible]			
93	85½	Do. without Warnts.	[illegible]			

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
54	40	Hargreaves 20p	40	.....	3.96	2.2	14.1	(3.8)
88	52	Harris (Ph.) 20p	63xd	.....	5.5	1.6	12.5	(6.0)
46½	28½	Harris & Sheldon	29	.....	3.0	2.3	14.8	4.0
34	18	Hawkins & Tipson	29	+1	1.0	φ	4.9	φ
16¼	6½	Hawtin 5p	9	−¼	0.25	8.6	4.0	3.1
72	46	Hay (Norman) 10p	69	.....	‡3.35	1.7	‡	11.9
106	57	Hensher 'A' 10p	101	.....	φ2.5	3.5	3.5	11.6
112	86½	Hepworth Cmc.	94	+1½	5.0	3.3	7.6	4.6
36	22	Hestair	23	+1	1.0	1.0	6.2	(10.1)
50	32	Hewitt (J.)	40	.....	1.5	9.8	5.4	2.2
43	24	Highgate & Job 50p	37	−3	—	—	—	—
65	40	Hill (Chas.) £1	42	.....	—	—	—	—
33	17	Hirst Ma'son 20p	17	.....	‡2.6	1.4	‡	(3.3)
100	75	Holden (A.)	92	.....	5.0	3.3	7.8	4.5
51	25	Hollis Bros	31	.....	‡1.4	—	‡	—
68	55	Hsh Lloyd Int. 10p	66	+3	h3.17	2.5	6.9	6.8
132	106	Hoover 'A'	110	.....	‡12.0	0.9	‡	(11.7)
112	34	Hoskins & H 20p	39	.....	‡8.0	1.5	‡	2.8
*80	51	Howard Tenens	53	.....	‡2.38	2.0	‡	9.8
377	230	Hunting Assoc.	260	.....	5.0	6.0	2.7	6.7
*131	60	Huntleigh 10p	120	.....	†1.5	2.8	1.8	30.1
167	55½	Hutch. Whamp $HK1	159	−1	MQ28c	2.6	1.4	26.5
25½	12	Hyman (I. & J.) 5p	14½	+½	1.25	3.6	12.3	3.2
£14⅝	845	I.C. Industries$1	£13	.....	Q$2.00	—	6.4	—
196	43	ICL	47	−2	2.97	3.9	9.0	3.2
39	24	Ingall Inds. 10p	36	.....	2.27	1.6	9.0	9.9
215	107	Initial Services	197	.....	7.5	2.3	5.4	9.7
18	8½	Inter-City 20p	10	.....	‡0.6	1.8	‡	(7.7)
57	39	J. B. Holdings 10p	39	.....	3.0	2.1	11.0	6.1
150	100	Jacksons Bourne	123	+3	5.0	3.3	5.8	7.5
12½	4½	James (M.) Ins. 10p	12	.....	‡0.75	3.9	‡	3.5
295	108	Jardine M. $HK6	211	−1	1088c	1.9	3.4	15.4
29	15½	Jentique	18½	.....	1.05	2.0	8.0	(7.3)
16	3	Johnson & Barnes	10	.....	—	—	—	—
193	125	Johnson Clnrs.	153	.....	†6.2	3.8	5.8	4.9
*281½	99½	Johnson Mthy. £1	186xr	.....	†9.0	2.8	6.3	(7.3)
92	39½	Jourdan (T.) 10p	78	−2	4.2	0.6	7.7	30.2
65	63	Kalamazoo 10p	76	+1	3.75	1.4	7.0	12.5
190	98	Kelsey Inds.	150	.....	8.0	φ	7.6	φ
125	53	Kennedy Sm. 10p	112	−4	†3.5	3.4	4.5	7.8
362	225	Kershaw (A.) 5p	270	.....	h21.75	0.6	11.5	(28.9)
77	56	Kleen-E-Ze Hldgs.	56	.....	5.5	3.1	14.0	2.6
82	61	L.C.P. Hlds.	65	.....	4.3	1.8	9.4	7.9
*27	15	L.K. Ind'l. Invs.	25	.....	—	—	—	—
42	25	L.R.C. Int. 10p	38	+½	†2.45	1.8	9.3	(7.1)
64	44	Lawtex	51	.....	4.0	4.7	11.2	2.0
168	116	Lead Inds. 50p	119	+2	9.66	2.7	11.6	4.2
88	56	Leadenhall Sterling	56	.....	‡3.25	3.3	8.3	5.4
325	229	Lep Group 10p	310	.....	φ16.5	2.5	7.6	6.6
34	13	Lesney Prods. 5p	18	+1	B‡1.23	—	‡	—
142	85	Letraset 10p	97	+5	φ7.14	1.3	10.6	9.9
54	30	Lilleshall 10p	30	.....	3.5	3.8	16.7	1.7
38	28	Lon. & Liv. 10p	30	+2	H1.4	1.2	6.7	30.2
122	83	London & Midl'd	96	.....	7.75	2.0	11.5	5.7
42½	27	Lon. & Nthn. Grp.	31½	+1	3.75	3.3	17.0	2.2
11	5	Long Hmbly. 10p	8½	.....	—	—	—	—
90	63	Longton Inds.	63	.....	5.0	3.7	11.3	2.6
65	42	Lonsdale Univrsl.	45	[illegible]	[illegible]	[illegible]	[illegible]	3.9
44	10	††Lontrim	20	[illegible]	[illegible]	[illegible]	24.0	4.7
182	158	Low & Bonar 50p	160	.....	†14.5	1.6	12.9	6.8
48	30	M.Y. Dart. 10p	[illegible]	.....	2.9	1.8	11.5	(5.8)
132	89	M'c'rthy Ph. 20p	126	.....	6.5	2.4	7.4	6.3
82	66	Macfarlane	78	+2	‡3.52	2.8	6.4	7.7
36	20	MacLellan 20p	20	.....	1.43	2.4	10.2	(4.7)
101	63	Macpherson (D.)	66	.....	4.2	4.8	9.1	3.1
88	[illegible]	Magnolia Group	54	.....	2.1	5.7	5.6	4.4
255	175	Man. Ship Can. £1	187	.....	18.38	1.1	14.0	9.2
49	36	Marley	40	+1	2.25	q1.5	8.3	(11.1)
27	14½	Marling Ind. 10p	15½	.....	0.89	3.5	8.2	4.5
36	22	Marshall L'ey. 'A'	22	.....	2.8	1.9	18.0	(3.5)
[illegible]	44	Marshall's Univ	56	.....	‡5.84	1.7	‡	(4.5)
25	13	Martin-Black	14	.....	—	—	—	—
£182	£78	Mathesons 7¾pc.	£148	.....	07¾%	2.3	15.3	—
162	130	Maynards	156	.....	8.75	2.5	6.0	(5.7)
318	162	Metal Box £1	162	−2	‡20.3	1.9	‡	3.6
120	78	Metal Closures	83	.....	5.4	2.9	9.3	4.2
38	16	Metoy	18	.....	‡1.85	1.6	‡	(5.5)
23	12	Do. Defd.	14	.....	—	—	—	—
44	8	Moben Grp. 10p	21	.....	—	—	—	—

INSURANCE—Continued

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
223	172	Heath (C.E.) 20p	172	−1	†9.66	[illegible]	[illegible]	[illegible]
140	83	Hogg Robinson	101	+1	5.7	[illegible]	[illegible]	[illegible]
114	83	Howden (A.) 10p	89	.....	7.0	[illegible]	[illegible]	[illegible]
£47	£33	Do. Warrants	£35	.....	—	[illegible]	[illegible]	[illegible]
257	151	Legal & General	193	.....	†7.6	[illegible]	[illegible]	[illegible]
228	142	Lon. & Man. 5p	188	.....	†8.75	[illegible]	[illegible]	[illegible]
210	122	London United 20p	182	−1	9.0	[illegible]	[illegible]	[illegible]
£24¼	£11⅞	Marsh McLenn'n $1	£13⅝	−¾	Q$2.00	1.8	6.1	9.1
117	84	Minet Hldgs. 20p	85	−1	†4.47	2.0	7.5	8.2
32	20	Moran (Chris) 20p	21xd	.....	4.0	1.2	27.2	4.4
472	266	Pearl 5p	482	+4	17.0	—	6.0	—
318	208	Phoenix	242	.....	†13.3	—	7.8	—
206	136	Provident	186	.....	†10.2	—	7.8	—
268	162	Prudential	217	+2	†9.5	—	6.3	—
242	140	Refuge 5p	204	.....	†10.6	—	7.4	—
*473½	300½	Royal	340	+8	†24.0	—	10.1	—
136	88	Sedgwick 10p	103	−1	5.0	2.3	6.9	9.2
97	67	Stenhouse	83	.....	4.65	φ	8.3	φ
242	168	Stewart Wr. 20p	182	.....	12.0	2.0	9.4	(7.3)
808	520	Sun Alliance £1	688	.....	†28.0	—	5.8	—
254	130	Sun Life 5p	240	+4	N7.5	—	4.5	—
577	433	Taisho Mar. EDR	556	−5	Q10%	—	0.2	—
213	155	Trade Indemnity	205	.....	†5.6	—	3.9	—
£39½	£15¼	Travelers $2.50	£36⅞	+⅛	Q$2.88	—	7.1	—
287	207	Willis Faber	260	+2	†11.0	1.8	6.0	12.8

LEISURE

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
94	60	Anglia TV 'A'	75	−1	†3.57	3.0	6.8	6.7
146	81	Assoc. Leisure 5p	126½	−1½	5.1	2.4	5.8	8.8
129	59	Barr & W.A.T. 'A'	68	.....	‡6.75	2.4	‡	3.8
63½	28	Black Edgtn. 50p	30	.....	‡d5.0	1.0	‡	(6.6)
136	86	Boosey & Hawkes	122	.....	5.67	0.8	6.7	(28.7)
90	45	Campari Int. 20p	50	−2	4.0	1.7	11.4	(6.4)
101	54	Coral Leis. 10p	94	.....	φ13.5	2.2	5.3	5.8
95½	42	Fairline Boats 10p	44	.....	d3.5	1.2	11.4	10.9
58	37	Glasgow Pavilion 10p	52	.....	—	—	—	—
43	24	Grampian TV A 10p	38	.....	†2.28	1.7	8.6	9.6
120	90	HTV Non/Vtg.	98	.....	10.0	2.2	14.6	4.7
51	35	Hawley Leisure 5p	51	+3	U1.6	5.7	4.5	8.7
146	66½	Horizon	130	.....	†h2.45	4.4	2.7	12.1
33	25	††Intervision 10p	31	−1	—	—	—	—
20	9	Lancaster (D.M.) 5p	19	.....	—	—	—	—
136	99	LWT "A"	100	.....	10.07	1.8	14.4	(4.7)
195	107	[illegible] Ag. M 10p	182	.....	8.75	φ	6.9	φ
50	29	Medminster 10p	50	+1	2.7	3.2	7.7	5.7
10½	5½	††Nationwide 5p	10½	.....	φ0.37	—	5.0	—
98	43	Norton & Wri. 10p	47	.....	‡4.47	2.2	‡	4.7
21	11	††Pan Atlas 20p	11	.....	—	—	—	28.7
86	45	Photax (Lon.)	63	.....	d3.5	4.5	8.1	2.9
194	120	Pleasurama 5p	193	+7	6.5	φ	4.9	φ
62½	55	Redif. TV Pref. £1	62	.....	5.95	24.2	13.7	—
247½	164	Saga Hols. 20p	235	+2	9.0	3.1	5.5	6.5
150	125	Samuelson 20p	145	.....	d8.77	0.3	9.0	[illegible]
109	60	Scott. TV 'A' 10p	76	.....	†4.9	3.4	9.2	4.6
24	8½	††Tom Hill	8½	.....	—	—	—	8.6
56	43	Trid'nt TV 'A' 10p	47	+3	4.0	φ	12.8	φ
74	60	Ulster TV 'A'	60	.....	5.2	2.6	12.4	(3.5)
24	14	Webb (Jos.) 5p	22½	.....	hd0.51	3.5	3.3	9.5
29	19	Westward TV 10p	21xd	.....	1.5	3.1	10.2	4.6
78	44½	Zetters 5p	78	.....	2.5	4.3	4.6	7.3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
26	15	B.L. 50p	18	−1	—	—	—	—
120	87	Gen. Mts. Units	93¾	−¾	Q12c	—	5.4	—
80	60	‡Hesketh Motor 50p	60	.....	—	—	—	—
37	17	Lotus Car 10p	24	.....	—	—	—	6.0
875	600	Volvo Kr50	750	.....	Q16%	5.9	10.3	1.7

Commercial Vehicles

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
110	35	E.R.F. (Hldgs.)	36	.....	‡4.2	—	‡	—

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

International Finance
DAIWA SECURITIES

MINES—Continued

Australian

Tins

Copper

Miscellaneous

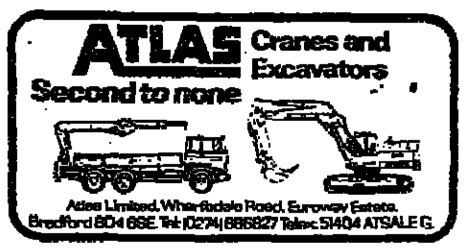
NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 32



FINANCIAL TIMES

Wednesday January 21 1981

SYSTIME
Britain's largest manufacturers of COMPUTER-BASED TURNKEY BUSINESS SYSTEMS
Contact Mike Withers, Systime Limited, Concourse Computer Centre, 432 Dewsbury Road Leeds LS11 7DF. Tel: 702211

Chinese angry at Holland's arms sale

By Charles Batchelor in Amsterdam

CHINA HAS IMPOSED economic sanctions against the Netherlands to demonstrate its anger at the proposed delivery of two submarines to Taiwan.

Royal Dutch Shell, the Anglo-Dutch oil company, has been told to stop work on its search for oil in Shanxi Province, and Chinese ships have begun boycotting the Port of Rotterdam.

Both moves are seen as a warning to the world in general, and the new U.S. administration in particular, that any strengthening of contacts with Taiwan could damage links with Peking.

Mr. Shen Zhihuan, an official at the Chinese Embassy in The Hague, said that "under the *present circumstances* it is inadvisable for Shell to continue work" on oil exploration in China."

Shell, which is currently evaluating some of the results of its exploration activities, said it regretted the Chinese decision which had been communicated to the company in mid-December. A Shell official declined, *however, to give details of the* cost of the work involved or the financial consequences of the stoppage.

It was not clear yesterday if other Shell activities in China had been affected by the *dispute*.

Shell carries out some $25m (£10.3m) worth of business a year in China, buying oil products through Hong Kong and tin through Billiton, its metals subsidiary.

Shell in turn sells bunkering oil, aviation fuel and chemical products to China. The company's sales and purchases with China are about equal in value.

Mr. Dirk de Bruyne, Shell's chairman, returned from China at the end of 1978 expressing enthusiasm about the energy potential of the country. He foresaw a potential market for Chinese coal in nearby South-East Asian countries as well as prospects for increasing oil production both on land and offshore. The company had hoped that the prospecting which has now been halted would lead to a production-sharing agreement with China.

The Chinese have also begun boycotting Rotterdam. West Europe's largest port and the *destination for* 250-300 Chinese merchant vessels annually, according to Mr. Willem Vos, director of Cross Ocean Shipping and Agencies. This company is jointly owned by China and the Dutch transport group Paktrans.

A Chinese vessel damaged after collision off the Dutch coast put in at Rotterdam only for emergency repairs, before going on to Hamburg for full repairs at the end of December. This manoeuvre was unusual *and a clear sign of Chinese displeasure*, Mr. Vos said.

Weather

U.K. TODAY

RAIN followed by brighter weather spreading from the north.

London, S.E. England and E. Anglia
Bright and frosty at first: cloud and rain later. Max. 9C (48F).

E. and Central England, E. Midlands
Dry at first, rain from west later. Max. 9C (48F).

Elsewhere
Cloudy, some rain. Brighter later in the north. Max. 10C (50F).

Outlook: Mild and mostly dry.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	L. Ang.†	C	15	59
Algiers	S	17	63	Luxmbg.	F	2	36
Amsdm.	C	2	36	Luxor	S	15	64
Athens	C	12	54	Madrid	S	10	50
Bahrain	S	22	72	Majorca	S	17	63
Barclna.	C	−2	28	Malaga	S	20	68
Beirut	C	15	59	Malta	C	13	55
Belfast	C	4	39	Mchstr.	S	5	41
Belgrd.	S	2	36	Melbne.	S	25	77
Berlin	Sn	0	32	Mx. C.†	—	—	—
Biarritz	R	12	54	Miami†	C	8	46
Bmghm.	S	4	39	Milan	Sl	0	32
Blackp'l	F	4	39	Montrl.†	F	−12	10
Bordx.	C	5	41	Moscow	Sn	−8	18
Boulgn.	C	4	39	Munich	Sn	−1	30
Bristol	S	6	43	Nairobi	S	27	81
Brussels	F	5	41	Naples	C	17	63
Budpst.	C	−2	28	Nwcstl.	C	3	37
Cairo	F	13	55	N. York†	C	2	36
Cardiff	C	7	45	Nice	S	15	59
Casbca.	S	14	57	Nicosia	F	14	57
Chicg.†	F	−2	28	Oporto	S	3	37
Cologne	C	2	36	Oslo	F	−12	10
Cpnhgn.	C	−2	28	Paris	C	5	41
Corfu	C	10	50	Perth	F	30	86
Denver†	F	−4	25	Prague	Sn	−1	30
Dublin	R	5	41	Reykjvk.	C	2	36
Dbrvnk.	F	8	46	Rhodes	C	11	52
Ednbgh.	C	2	36	Rio J'o†	—	—	—
Faro	S	18	64	Rome	C	9	48
Florence	Fg	5	41	Salzbg.	S	1	34
Frankf't	C	3	37	S'cisco†	F	11	52
Funchal	F	17	63	S'tiago†	—	—	—
Geneva	F	7	45	Stckhm.	S	−13	9
Gibrltr.	S	18	64	Strasbg.	F	4	39
Glasgow	C	2	36	Sydney	C	22	72
G'rnsey	F	7	45	Tangier	S	14	57
Helsinki	Sn	−4	25	Tel Aviv	S	16	61
H. Kong	C	18	64	Tenerife	C	14	57
Innsbrk.	C	0	32	Tokyo	C	7	45
Invrnss.	C	3	37	T'r'nto†	C	−3	27
I.o.Man	C	6	43	Tunis	C	14	57
Istanbul	C	7	45	Valencia	F	19	66
Jersey	F	8	46	Venice	F	2	36
L. Plms.	S	20	68	Vienna	F	2	36
Lisbon	S	15	59	Warsaw	F	0	32
Locarno	C	5	41	Zurich	C	1	34
London	S	5	41				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

Defence spending to rise £1bn

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

DEFENCE spending in the next financial year will amount to about £12.25bn, about £1bn more than in the present year. The figure allows for the £200m cuts requested by the Treasury as part of the Government's overall reductions in spending.

Mr. John Nott, *Defence* Secretary, who replaced Mr. Francis Pym only two weeks ago, told the Commons that in terms of 1980 Survey prices, defence spending in the year ahead would be £9.75bn or 8 per cent *more in* real *terms* than in 1978-79, the last year of the Labour Government.

The £200m cuts are much *less severe than* many in industry had feared, with most big re-equipment programmes continuing, and in some cases, even accelerating.

The reductions are being made mainly by disposing of *older warships* and aircraft sooner than originally planned, deferring some new aircraft and warship construction, trimming works and *training* programmes, and cutting other overheads.

Mr. Nott admitted that there would be some defence overspending in the current financial year, although he could not say *how much. Speculation has* put the figure at about £400m.

It was due to industry concentrating more on defence commitments as a result of the recession. Some equipment items were coming forward faster than expected, with the bills coming in sooner.

Mr. Nott stressed the Government's intention of continuing, from the revised 1981-82 level of spending, with an annual increase in outlays in real terms "in the region of 3 per cent" and in 1980-81 the UK would even exceed because of *the overspending.*

"Even with an increase in expenditure, however, we face, as do other countries, a major task in matching our resources to our clear defence needs—a task made more difficult for us *than for other countries because* of our low growth."

The changes, as given by Mr. Nott, still have to be worked out in detail, but broadly they are as follows:

- Selling or scrapping some *older ships, including* one cruiser and some frigates, and getting rid of the commando carrier Bulwark six months earlier than planned;
- Accelerating the planned reductions in the Vulcan bomber *force and Shackleton early warning* aircraft, and the rundown of the Canberra photographic reconnaissance force;
- Slowing the forward warship construction programme;
- A third Lightning squadron for air defence will not be formed, although a make-shift squadron may be brought *together from training units;*
- Logistic road support vehicles will be deferred;
- Hawk trainer and Jetstream communications aircraft orders will be deferred;
- Skyflash Mark 2 missile will be dropped, replaced by a new programme for short-range air-to-air missiles;
- No. 41 Commando will be *merged* with *the other Commando* units;
- The Naval communications squadron at Lee-on-Solent will go.

Mr. Nott said all the big programmes of improvements will continue, with over £5bn being spent on equipment in the coming year.

Mr. Nott stressed that the *£1bn rise in defence spending* next year, after taking account of the £200m cut, "fully accords with the Government's expressed determination, which I reaffirm today, of giving the highest priority to our defence *In the* face of the growing threat from the Warsaw Pact.

"It also represents an increase in defence expenditure per head at a time when the proportion of our GDP devoted to defence is already much higher than that of our main European allies, and close to that of the U.S."

Elinor Goodman writes: The defence statement which was partly aimed at dampening down speculation about much more drastic *cuts, went* down fairly well on the Conservative backbenches where Mr. Nott might have expected trouble.

But although Mr. Nott assured MPs that he had not been put into the Ministry of Defence as the Treasury's "hatchet man" he failed to allay suspicion among some of the party's defence hawks, that *he might prove more amenable* to the Treasury than his predecessor, Mr. Francis Pym.

In answer to a question, Mr. Nott showed that he did not entirely go along with his predecessor's scepticism about the applicability of cash limits to defence spending.

He also left open what is likely to be the far more *controversial issue of whether the* Ministry of Defence should be penalised next year for overspending in the current year.

Parliament, Page 10

Price of Cortinas cut by £150

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD of Britain is cutting up to £150 from the prices of most Cortina models, the best-selling car range in the UK, as part of a £50m "product and price realignment programme."

The objective is to push sales this year to a record 495,000, compared with the peak 485,000 for 1978 and last year's 465,000. This would give Ford an unprecedented 35 per cent of this year's expected total market of 1.42m. Last year's total market was 1.52m.

The price of some Capris is also being reduced slightly as part of the programme, while many Cortina, Capri, Fiesta and Granada models are getting extra equipment at no extra cost.

Mr. Sam Toy, chairman of Ford of Britain, admitted yesterday that Ford had pushed up its prices so fast in the past year or so that it had got out of line with its competitors.

Mr. Toy insisted that the realignment programme, which included as a first phase the introduction of a low-priced Fiesta Popular models in December, should help Ford of Britain be more profitable this year than in the second half of last year when it was operating at a "negligible" profit level.

"There is not a car in the *range on which we are not* taking an economic profit," he said. "At these prices our margins are reduced but the extra volume will give us a higher return on the money we have invested in the business."

By accepting a pay deal of 9.5 per cent, the workforce had played its part in allowing Ford of Britain to become more competitive, he added.

SOME FORD PRICE AND SPECIFICATION CHANGES

Model	Price (£)	Change (£m)	Cost of previous options now standard* (£m)
Fiesta 950L	3,536.85	None	136.31
Fiesta 1.1 Ghia	4,376.58	None	292.29
Cortina 1.3	3,747.79	down 106.00	39.50
Cortina 1.6L	4,429.09	down 150.00	59.98
Cortina 2000 Ghia	6,002.00	None	232.27
Capri 1.3L	4,242.50	down 32.00	51.46
Capri 1.6 LS	4,667.25	New model	New model
Capri 2000 Ghia	6,488.37	None	250.73
Granada 2000 GL	7,587.71	New model	New model

Prices include car tax and VAT.
* Excluding value of new features not previously available, for example, improve seat trim, rear head-restraints and body pinstripe on Granada Ghia models.

Mr. Toy would not be drawn on the point but insiders at Ford suggest that its UK market share could have slipped to about 26 per cent from last year's 31 per cent without the programme. The company will break even at about 30 per cent of the total expected market for the year.

The Ford strategy included the 4¼ per cent price increase on the new Escort range made *early this year only three* months after the launch. Ford is expecting a considerable switch in demand from the Cortina to the Escort.

It is significant that the maximum £150 reduction is on the Cortina 1.6 L, the most popular among fleet customers who supply Ford with much of its business.

Ford dealers were warned about the reductions and other changes three weeks ago and any sales agreed in January *should have taken them into* account.

Dealers, who took a reduced *margin,* from 16 to 14 per cent, on the Fiesta Popular, have not been asked to accept a drop

Mr. Toy maintained that the impact on Ford used-car prices would be minimal and that the changes would work through the *second-hand market within two* months.

He suggested that the campaign should mainly hit importers, particularly the Japanese, although if Ford achieved its market-share target *both BL and Vauxhall would* also have to give some ground.

BL reorganisation, Page 6

BA seeks 15% air fare rises

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH AIRWAYS wants to raise its domestic air fares by an average of 15 per cent from April 1.

If approved by the Civil Aviation Authority, the increases will mean the economy single rate per mile on the London-Glasgow shuttle, *for example, will be over five* times the rate for an economy single fare on Sir Freddie

The application to the authority, announced yesterday, covers all British Airways' domestic routes. The announcement came a week after BA forecast a loss of at least £100m for the financial year, which ends in March, and after it launched plans to cut European fares by up to £40 from April 1.

Fares on British Airways' internal flights were last increased on April 1 last year, rising by 12.5 per cent on average.

British Airways' proposals would bring the economy single fare for the London-Glasgow *shuttle from the present £47 to* £54 for the 400-mile flight—13.5p per mile.

In contrast, the Laker Skytrain economy single from London to New York is now £92 for the 3,456-mile flight, or 2.66p per mile.

British Airways standby fare to Glasgow is to rise by 25 per cent to £25, producing a rate *per mile slightly less than three* times that represented by Laker's £78 standby single fare from London to New York.

British Airways blamed the increase on higher fuel costs and landing charges and said its policy was to keep fare increases within the rise in the retail price index.

Fuel costs had soared by 30 per cent since fares last went up, and landing charges had risen *by 20* per cent and now accounted for half the airline's running costs on its domestic routes.

PROPOSED COMPARATIVE DOMESTIC FARES FROM APRIL 1

London to:	British Airways Single standby (£)	British Airways Single economy (£)	British Airways Single first class (£)	British Rail Single second class (£)	British Rail "Big City Saver" advance booking 2nd class only (£)
Glasgow	25.00	54.00	41.10	28.00	24.00
Manchester	*20.00*	*38.00*	*25.10*	*17.30*	*15.00*
Edinburgh	25.00	54.00	43.80	30.30	24.00
Aberdeen	28.0[illegible]	64.00	54.50	36.50	32.00
Newcastle	21.00	48.00	38.70	25.80	20.00

Continued from Page 1

Hostages freed

ably lead to an intensification of domestic infighting between moderate elements around President Abolhassan Bani-Sadr and the fundamentalists.

For the fundamentalists, the fact that the release was achieved by "their Government" is a cause for both gratification and concern: gratification because they can now tell opponents that this proves their competency to govern and *concern because the release has* caused deep divisions within their ranks.

The President and his supporters are already warming up to mount a campaign along the lines of "Where did our $24bn go?"

This, with all the other issues that have been downgraded by the hostages issue for the past few months, suggests that the two wings of the Islamic Movement in Iran will continue to clash.

Since the revolution almost two years ago, Iran had little time to stop and ask where it was going.

For more than half of that time, the keeping of the hostages sufficed as an answer. Now, Iran will have to consider all those questions that have been put off

Continued from Page 1

Reagan

outgoing president a speaking role and Mr. Carter was thus, perforce, silent and, it seemed, more than a little sad.

Even Mr. Reagan was of necessity constrained in his moment of ultimate triumph as he became the oldest man ever to be President. He will be 70 next month.

He thanked Mr. Carter for *having arranged a smooth transition* of power, but could not thank him for having removed from his new plate the country's most sensitive and pressing problem.

Steelmakers divided over joint project

By Alan Pike

GOVERNMENT attempts to rationalise the stel industry by setting up companies jointly owned by the public and private sectors are causing severe steelmakers.

Agreement is close on one project—*leading* to the creation of a company owned by the British Steel Corporation and GKN—and talks involving the Department of Industry are continuing on a second project.

The first project—Phoenix 1—involves rationalisation of rod, bar and steel billet production between GKN's Cardiff works and BSC Humberside.

But Sheerness Steel, one of the leading private producers, has resigned from the British Independent Steel Producers Association in protest against the plans to link public and private sectors. Mr. Clancy Schueppert, Sheerness chief executive, said yesterday he was totally opposed to the plans and believed they were against the interests of steel consumers.

Talks on the Phoenix 1 *project* reached an advanced stage and agreement is likely in time for a Government announcement when it decides on the BSC corporate plan next month. One of BSC's rod mills at Appleby-Frodingham, Scunthorpe, is being closed under the corporate plan which will tackle the problem of overcapacity-

The company to be created will operate outside public sector control, although not necessarily with a majority financial stake from the private sector.

Talks are taking place on *Phoenix 2, a more extensive* amalgamation of public and private sector interests in the engineering steels field, involving BSC and companies like GKN, Duport, Round Oak and Hadfields.

Although this *project* is less advanced there is growing expectation that it will lead some private companies into an *alliance* with the state sector. This has led to the split in BISPA, which until now has represented almost all the leading private steel producers as well as many smaller ones.

New life for steel, Page 6
Union ends fight, Page 10
Editorial comment, Page 20

Stockbrokers Rowe Rudd to leave Exchange

By Richard Lambert

ROWE RUDD and Co., the London stockbroking firm, is quitting the Stock Exchange. The partnership will be dissolved on March 13, and two of *its three partners are resigning* their membership.

Mr. Tony Rudd, the senior partner, said yesterday that the days of the non-specialist broking firm were numbered.

Citing developments in the U.S. over the last few years since the introduction of negotiated commissions, he said the trading system in the UK could change in the early part of the 1980s and leave no place for the general broker with no special services to offer.

Rowe Rudd is being regrouped into a new company, which will start business at the same address on March 16. This will offer a range of corporate, financial and investment services, employing only about 25 of the existing firm's 70 employees.

New analysis Page 8

THE LEX COLUMN

Another round to Fraser

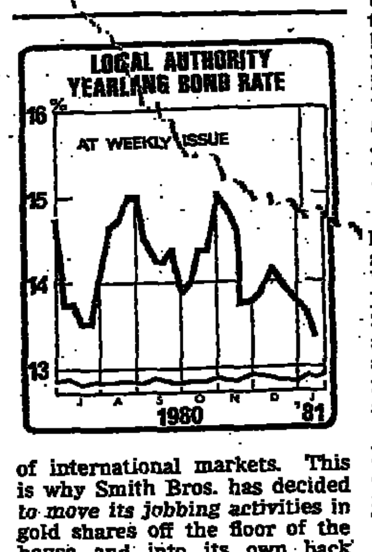
Lonrho must be bitterly disappointed at its poor showing in the House of Fraser vote yesterday. The 7m or so votes which it gathered to add to its own 45m represented only about 6¼ per cent of the available non-Lonrho vote, whereas the Board gained a 67 per cent *share in this basis.* Plainly, very few Fraser shareholders think much of Lonrho's claim that its interests are identical with theirs.

What happens now? Any hopes Lonrho might have entertained of a defeat for the Board, possible resignations, and a quick bid opportunity have now evaporated. The Fraser share price correspondingly shed 4p to 125p yesterday. It is true that Fraser now has to prepare to produce some lack lustre figures in about three months or so. But a spell of better trading for depart*ment stores over Christmas* and at the beginning of the January sales has countered the worst fears. Whereas a little while ago the analysts were talking in terms of not much more than £20m pre-tax for the year ending next week, against £35.7m excluding property items last time, now the estimates have been upgraded to the £30m area. *That* is not *good,* but neither is it the kind of disaster which might cause Fraser to fall easily into Lonrho's lap.

This puts Lonrho in a corner. It cannot afford to make a bid, and yet there is still a significant *bid* premium in the Fraser share price so that Lonrho cannot sell except at a much lower level — probably below 100p. Still, it may not mind if its talk about selling serves to get the share price down.

Most likely, Lonrho will keep quiet for a while, and concentrate on presenting its own im*minent results and balance*sheet in the best possible light. By next June the temperature may be raised again if the Fraser Board decides to oust the Lonrho representatives.

Index rose 5.0 to 458.6



Rowe Rudd

The Stock Exchange tower will not come tumbling down *as the result of one smallish firm* calling it a day. But Rowe Rudd's decision to pull out of the Stock Exchange and concentrate instead on corporate work is an indication of the reappraisal that many members are now *making* of the long-term future of the market place.

There are two main catalysts for change. One is the removal of exchange controls, which has brought direct exposure to the very different trading systems of international markets. This is why Smith Bros. has decided *to move its jobbing* activities in gold shares off the floor of the house and into its own back office. Another is the possibility that in the mid-1980s, the Restrictive Practices Court will require fundamental changes in the relationships between jobbers, brokers and their clients.

So a number of firms are now making strategic decisions about how to protect themselves in the event, most obviously, of fixed commissions being abolished. Some are building specialist services—like performance measurement—which could be fee earning rather than subsidised through the commission. Others are building up their overseas activities. And Rowe Rudd, at least, is pulling out altogether. It has been a prosperous year in the City, which must make such decisions easier to take.

The Stock Exchange's case is unlikely to come to the Court before 1984. The way things are going, there could well be some significant changes in trading practices before then.

Money markets

*The banking month to mid-*January, which ends today, has passed off without any of the exceptional tightness that was a feature of the money markets in early 1980. To some extent this reflects the Bank of England's prompter intervention to relieve market shortages, and its reduction of the reserve assets ratio, but the general impression is that a lot of tax is quite simply being paid late. Exchequer disbursements, on a daily basis, have exceeded revenue too often for comfort, although yesterday, for the first time in a fortnight, a substantial excess of revenue was reported.

Quite apart from the delay in tax payments, it is possible that the month's VAT receipts may be rather depressed, in part because of low private sector inflation. Some of the impact that this slow start to the tax season might have on the January money supply figures will be offset by tinkering with the official seasonal adjustments.

At least Government funding has held up quite well, if only at a price, in banking January. Yesterday the Government Broker supplied some of his 3 per cent 1985 tap stock as well as some longer-dated odd ments, and gross gilt-edged sales in the month may total more than £1½bn.

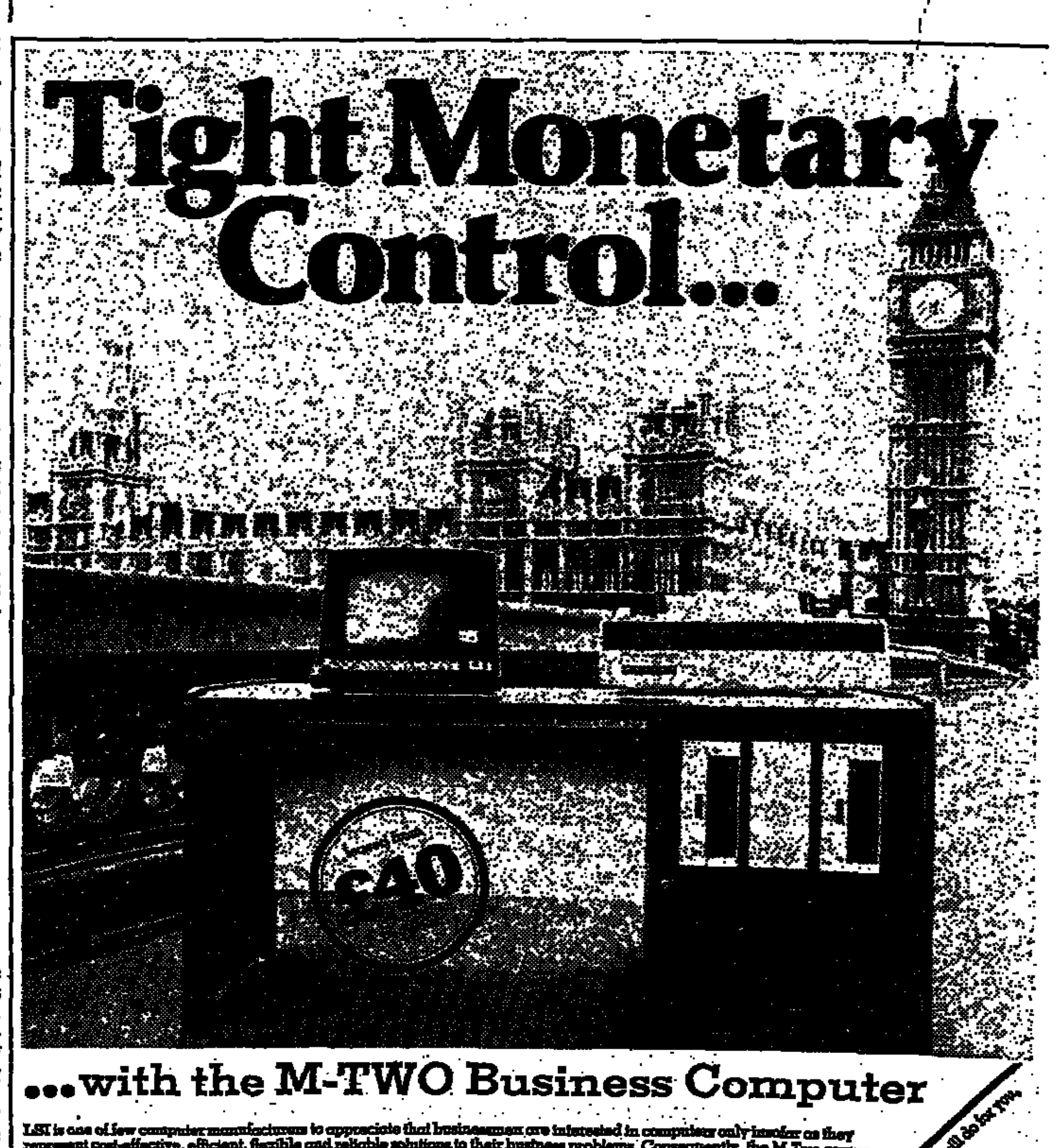
But this is quite a pace to keep up, and the City is still expecting some new method of funding, with the 12-month Treasury bill remaining favoured runner. The problem would be to design it in such form that it would *not* end as the Variable rate gilt-edged stocks have done, held almost exclusively by the banking sector.

Trident Television

Trident ' TV *presented* results yesterday against background of the Independent Broadcasting Authority's ruling that it must cede control of its two television contracting subsidiaries, Yorkshire and Tyne Tees. *This presents* the group with some difficult decisions by the end of next month.

Boosted by an estimated 50 per cent rise in national advertising revenues in 1980, Trident's television contracting profits have climbed by over a third to £6.94m. Should it decide to divest through an *offer for sale, a multiple of* perhaps five times historic fully-taxed television earnings would produce a price of, say, 37p per share rising to 57p to allow for £10m or so of net cash.

That compares with a current price of 47p, up 3p yesterday, for a yield of almost 13 per cent. A full offer, however, would be costly, and perhaps difficult to market when there is such uncertainty about the future trend in advertising revenue. And it would not necessarily meet the IBA's requirement that shareholders represent local interests. A Scheme of Arrangement may be more practicable—involving some sort of exchange of its existing equity for new shares to represent each of its two contractors and its non-television interests.



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